

# **BINNY LIMITED**

*ANNUAL REPORT  
MARCH - 2012*

<b>DIRECTORS</b>	<i>M. Ethurajan – Executive Chairman M. Nandagopal R. Narayanan S. Natarajan E. Shanmugam V.R.Venkataachalam Arvind Nandagopal K. Sundareswaran Justice S. Jagadeesan S. Vijayaraghavan R. Krishnan Dr. Sadayavel Kailasam</i>
<b>COMPANY SECRETARY</b>	<i>G.Venkataraman</i>
<b>BANKERS</b>	<i>State Bank of India Canara Bank</i>
<b>AUDITORS</b>	<i>CNGSN &amp; Associates Flat “C” &amp; “D” 22, Vijayaraghava Road T.Nagar, Chennai 600017</i>
<b>REGISTERED OFFICE</b>	<i>106, Armenian Street Chennai 600 001 Tamilnadu</i>

## **BINNY LIMITED**

NOTICE IS HEREBY GIVEN THAT the FORTY THIRD ANNUAL GENERAL MEETING of the Company will be held

at 106, Armenian Street, Chennai – 600001  
on Saturday, 29th September 2012  
at 11.15 A.M.

to transact the following business:

### **Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2012 and the Statement of Profit and Loss for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R. Narayanan, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S. Natarajan, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. K. Sundareswaran, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. Sadayavel Kailasam, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Statutory Auditors and fix their remuneration.

To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:

“RESOLVED that the retiring Auditors M/s. CNGSN & Associates, (Firm Registration No: 0049155) Chartered Accountants, Chennai be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed in this behalf by the Board of Directors of the Company”.

### **Special Business**

7. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

Resolved that subject to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the reappointment of Mr. M. Ethurajan as Whole time Director designated as Executive Chairman of the Company for a further period of five years commencing from 9<sup>th</sup> January 2013 upon such terms and conditions as to remuneration by way of salary and perquisites as detailed in the explanatory statement annexed hereto, be and is hereby approved.

Resolved further that in the event of any relaxation by Central Government in the guidelines or ceiling in remuneration, the Board of Directors / Remuneration Committee be and are hereby authorized to increase / vary the remuneration and / or perquisites of Mr. M. Ethurajan if they in their absolute discretion think fit, within such guidelines or ceiling subject to such approvals from the Central government and or any other authority wherever applicable for which consent of the company is required under various provisions of the Act / Rules be and is hereby granted.

Registered Office:  
106, Armenian Street  
Chennai 600 001  
Date: 1st September 2012

**BY ORDER OF THE BOARD**

G.Venkataraman  
Company Secretary

## BINNY LIMITED

### NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXY FORMS COMPLETE IN ALL RESPECTS SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK FORM OF PROXY IS ATTACHED.

The Register of members and the share transfer books of the company will remain closed from 22-09-2012 to 29-09-2012 (both days inclusive)

Members are requested to intimate changes, if any, in their registered address to the company immediately.

Members are requested to furnish a copy of the PAN Card to the Company / RTA for registration of transfer / transmission of shares.

Members, who are individuals may avail the facility of nomination as provided in Section 109A of the Companies Act, 1956 wherein a member may nominate in the prescribed manner, a person to whom his shares in the company shall vest in the event of his demise. Where more than one person holds the shares jointly, the joint holder may together nominate a person to whom all the rights in the shares of the company shall vest in the event of demise of all the joint holders.

Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

In terms of Clause 49 of the Listing Agreement entered with the stock exchanges, brief particulars of the Directors who are proposed to be reappointed at this meeting are given below:

### DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT: (In pursuance of Clause 49 of the listing agreement)

Name of Director	Date of Birth	Date of Appointment	Qualification	Expertise in functional area
Mr. R. Narayanan	02-07-1929	30-06-1990	B.A.	Former Chairman, LIC
Mr. S. Natarajan	01-11-1947	11-01-1988	A.C.A.	Textile & Finance
Mr. K. Sundareswaran	19-01-1960	25-03-2005	B.A.B.L.	Textile, Garments & Finance
Dr. Sadayavel Kailasam	31-05-1954	29-04-2010	M.B. M.S. (Ortho) D.(Ortho)	Orthopaedic Surgeon

### Item No. 2

Mr. R. Narayanan is also on the Board of other companies. The details of his directorship in other companies are as follows:

Name of the Company	Position Held
Shriram Asset Management Co. Limited	Chairman
Viswapriya Gold Hire Purchase Limited	Chairman
Viswapriya Financial Services and Securities Limited	Chairman
Dhanush Lavan Limited	Chairman
S.V. Global Mill Limited	Director

## **BINNY LIMITED**

---

Mr. R. Narayanan is the Chairman of Share Transfer and Shareholders / Investors Grievance Committee, Chairman of Audit Committee and Member of Remuneration Committee of Binny Limited. He is also the Chairman of Audit Committee, Member of Remuneration Committee and Member of Share Transfer and Shareholders / Investors Grievance Committee of M/s. S V Global Mill Limited and Chairman of Audit Committee of Viswapriya Financial Services and Securities Ltd.

### **Item No. 3**

Mr. S. Natarajan is also on the Board of several other companies. The details of his directorship in other companies are as follows:

<b>Name of the Company</b>	<b>Position Held</b>
Binny Engineering Limited	Director
Binny Lorze Limited	Director
S V Global Mill Limited	Director
Binny Mills Limited	Director
Sheetala Credit & Holdings Pvt. Limited	Director
UCAL Fuel systems Limited	Director
Shriram Entrepreneurial Ventures Limited	Director
Shriram Ventures Limited	Director
Bharath Coal Chemicals Limited	Director
Calcom Credit & Holdings Pvt. Limited	Director
Rajatchakra Credit & Holdings Pvt. Limited	Director
Satluj Credit & Holdings Pvt. Limited	Director
Saranga Investments & Consultancy Pvt. Ltd.	Director
Twentieth Century Apco Leasing (Pvt.) Limited	Director
Sipping Spirits Pvt. Limited	Director
Shriram Properties and Infrastructure Pvt. Ltd.	Director
Shriram Properties Pvt. Limited	Director
S Tel Pvt. Limited	Director
Shriram Properties Holdings Pvt. Limited	Director
Shriram Financial Ventures (Chennai) Pvt. Limited	Director
Shriram Ownership Trust	Trustee
Shriram Enterprises Trust	Trustee

Mr. S. Natarajan is the Chairman of Audit Committee of M/s. Ucal fuel Systems Limited and Member of the Audit Committee of M/s. Shriram Properties Pvt. Limited.

### **Item No. 4**

Mr. K. Sundareswaran is also on the Board of other companies. The details are as follows:

<b>Name of the Company</b>	<b>Position Held</b>
Egmore Benefit Society Limited	Director
Sri Ramachandra Educational and Health Trust	Trustee
Dignity Innovations (Garment Manufactures & Exports)	Managing Partner

Mr. K. Sundareswaran is the Member of Audit Committee of Binny Limited.

### **Item No. 5**

Dr. Sadayavel Kailasam is the Director of Binny Limited and not holding directorship in any of the Public / Private Limited companies:

Dr. Sadayavel Kailasam is a Member of Audit Committee of the Company.

### **Item No. 7**

The members of the company appointed Mr. M. Ethurajan as a Whole - time Director designated as Executive Chairman for a period of five years with effect from 9<sup>th</sup> January 2003. Subject to the approval of the Company in General Meeting and approval of the Central Government, the Board of Directors / Remuneration Committee in their meetings held on 13.08.2012 have approved the reappointment of Mr. M. Ethurajan as Whole - time Director designated as Executive Chairman of the company for a further period of five years with effect from 09.01.2013 and the terms of appointment and remuneration payable are specified hereunder. Necessary resolutions are being proposed to the shareholders for their approval.

## BINNY LIMITED

- a. Salary Rs.15,000 p.m.
- b. Perquisites Perquisites will be allowed in addition to salary and shall, however, be restricted to an amount equal to the annual salary or Rs.1,35,000 per annum whichever is less.
- i. Housing including gas, electricity, water and furnishings
- a. The Executive Chairman will be provided accommodation subject to the condition that the expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary over and above 10% payable by the Executive Chairman himself.
- b. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax rules.
- c. In the event of the company not providing accommodation for the Executive Chairman, House Rent allowance may be paid by the Company to the Executive Chairman in accordance with the clause (a) above. Where accommodation in the company-owned house is provided, 10% of the salary will be deducted by the Company.
- ii. Medical reimbursement Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- iii. Leave Travel Concession For self and family once a year incurred in accordance with the rules specified by the company.
- iv. Club fees Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v. Personal Accident Premium not to exceed Rs1,000 per annum.
- vi. Provident Fund/ Pension Contribution to Provident Fund and Pension Fund as per the company's rules.
- vii. Gratuity Gratuity payable shall not exceed half a month's salary for every completed year of service subject to a ceiling of Rs.1,00,000.
- viii. Others Provision of car for use on company's business and telephone at residence.

This may be treated as an abstract of the terms and conditions governing the reappointment of and remuneration payable to the Executive Chairman pursuant to Section 302 of the Companies Act 1956.

None of the Directors other than Mr. M. Ethurajan, Mr. M. Nandagopal and Mr. E. Shanmugam is interested or concerned in the said resolutions.

### Inspection of Documents:

The documents referred to in the Notice are available for inspection at the Registered Office of the Company on any working day between 10.00 a.m. to 12.00 noon up to the date of 43<sup>rd</sup> AGM.

Registered Office:  
106, Armenian Street  
Chennai 600 001

Date: 1st September 2012

**BY ORDER OF THE BOARD**

G.Venkataraman  
Company Secretary

## BINNY LIMITED

### DIRECTORS' REPORT

Your Directors present the Forty Third Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2012

### FINANCIAL RESULTS

	Rs. In Lakhs	
	As at 2011-2012	As at 2010-2011
Operating Profit / (Loss)	355.40	543.88
Profit before Depreciation & Tax	355.40	543.88
Depreciation	25.37	25.43
Profit / (Loss) for the year	330.03	518.45
Tax	86.00	105.00
	244.03	413.45
Extra-ordinary items	16.70	0.50
Profit / (Loss) for the year	227.33	412.95

### REVIEW OF OPERATIONS

#### Services Division

The performance of the container freight station was continued to be satisfactory during the financial year 2011-12. However, owing to very difficult road traffic constraints prevailing in the location of our operation, the company ceased the operation of container freight station with effect from May 2012. As the company will only continue warehousing operation, higher revenue could not be anticipated during the current year.

#### Sale Registration of Plots in terms of Memorandum of Understanding (MOU) with Unions

Till date, sale registration has been made to 128 allottees out of 244 allottees of 500 sq.ft. of plot of company's land each, in terms of Memorandum of Understanding (MOU) dated 28.05.2008 with workmen Unions.

#### Scheme of Arrangement & Demerger

On 5<sup>th</sup> December 2009, at the meeting of Board of Directors of the Company approved the Scheme of Arrangement prepared by the consultants taking into account all statutory requirements, formalities and compliances of legal and regulatory authorities, to demerge the Company's properties undertaking comprising all assets and liabilities to S.V.Global Mill Limited and the Agencies and Services undertakings comprising all assets and liabilities demerged to Binny Mills Limited. Based on the valuation reports of the values and in terms of the scheme for every Seven equity shares of Rs.5/- each of Binny Limited, the shareholders shall be entitled to receive Seven equity shares of Rs.5/- each fully paid up of S.V.Global Mill Limited and One equity share of Rs.10/- each fully paid up of Binny Mills Limited as on the record date, in consideration of the demerger.

The Hon'ble High Court of Madras, by an order dated 1<sup>st</sup> February, 2010, convened Extra-ordinary General Meeting of the equity shareholders of the company on 10<sup>th</sup> March 2010 for approving the Scheme of

## **BINNY LIMITED**

Arrangement. Subsequent upon shareholders' approval of the Scheme of arrangement, a petition to sanction the scheme of arrangement under section 391 to 394 of the Companies Act, 1956 was filed with the Hon'ble High Court of Madras. On 22<sup>nd</sup> April 2010 the Hon'ble High Court of Madras vide its Order dated 22<sup>nd</sup> April 2010, sanctioned the Scheme of Arrangement under Sec.391 to 394 of the Companies Act, 1956 amongst Binny Limited and S V Global Mill Limited and Binny Mills Limited. A certified copy of the Scheme was filed with the Registrar of Companies on 8<sup>th</sup> May 2010. In terms of the court sanctioned Scheme of Arrangement, 8<sup>th</sup> May 2010 has become the "effective date" and 1<sup>st</sup> January 2010 the "Appointed Date".

Formalities in respect of Increase in authorized share capital, issue of preference share capital and reduction in preference share capital in terms of the Scheme were complied with at the Board Meeting held on 12.5.2010.

The Share certificates to the equity shareholders were allotted and issued in the respective resulting companies on 2<sup>nd</sup> June 2010. The respective resulting companies have complied with formalities for listing of the equity shares with Bombay Stock Exchange Limited and Madras Stock Exchange Limited and obtained their in-principle approval for listing subject to the approval of Securities and Exchange Board of India (SEBI) for relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957. The application is presently pending with SEBI and all the clarifications sought for by SEBI relating to the terms of the Scheme were submitted by the Company. The respective resulting companies are following it up with SEBI for early approval of SEBI for relaxation of Rule 19(2)(b). Soon after the Stock exchanges would permit trading in equity shares of the respective resulting companies and until then the shares credited to the respective shareholders demat account is kept frozen.

### **Directors**

The Company continues to comply with the terms of Clause 49 (C ) (iv) of the Listing Agreement with Stock exchanges. Mr. R Narayanan, Mr. S Natarajan, Mr. K Sundareswaran and Dr. Sadayavel Kailasam, Directors, retire by rotation and offer themselves for reappointment.

### **Binny Engineering Limited**

The audited accounts for the year ended 31.3.2012 and other reports of the company as required under section 212 of the Companies Act is attached.

### **Statutory Requirements**

As per the requirements of section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure to this Report.

The particulars required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 are not applicable as none of the employees is coming under the purview of this section.

### **Directors' Responsibility Statement**

As required under section 217 (2AA) of the Companies Act, 1956, the Directors state as follows:

- i. that in the preparation of annual accounts for the year ended 31<sup>st</sup> March, 2012 the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the

## **BINNY LIMITED**

state of affairs of the Company at the end of the year ended 31<sup>st</sup> March, 2012 and of the profit or loss of the Company for the said period under review.

- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors had prepared the accounts for the year ended 31<sup>st</sup> March 2012 on a "going concern" basis.

### **Corporate Governance**

The report on Corporate Governance forms part of Annexure to Directors Report.

### **Secretarial Audit**

In terms of the provisions of listing agreement necessary secretarial Audit Report with regard to reconciliation of share capital of the Company and compliance certificate under clause 47C are being carried out at the specified period by a practicing company secretary. The findings of the same were satisfactory.

### **Directors' Clarifications to Auditors' Remarks**

In regard to the remarks in the Auditors' Report, your directors wish to clarify as under:

4. (f) i. The Company has received wealth tax demand for the Asst. year 2005 – 06, 2006 – 07, 2007 – 08, 2008-2009, 2009-10 & 2010-2011 for Rs.977.24 lakhs against which the company has filed appeals with CWT(A) and confident of fair chances of success in appeal. Therefore, no provision has been made in the accounts and stay petition has been filed.

Considering the company's fair chance of succeeding the appeal against income-tax demand for the asst. year 2008 – 09 for Rs.19.21 lakhs, which is disputed before CIT(A), no provision has been considered necessary.

- ii. The management of the subsidiary is exploring all possible avenues and taking efforts to obtain necessary permissions of the authorities to resume the business by utilizing the vast leasehold land at the prime location. considering the long term nature of investment no provision for diminution in value is considered necessary.
- iii. Efforts are being made to obtain confirmation of balances.

### **Auditors**

M/s CNGSN & Associates, (Firm Registration No: 004915S) Chartered Accountants, Chennai 600 017 retire at the conclusion of this Annual General Meeting and are eligible for reappointment.

### **Acknowledgement**

Your Directors acknowledge the cooperation and assistance extended by the Government of India, Government of Tamil Nadu and Government of Karnataka, and place on record their appreciation and gratitude to them. The Directors also thank the shareholders, employees, suppliers and dealers for their continued cooperation.

Registered Office:  
106, Armenian Street  
Chennai 600 001

Date: 1st September 2012

**BY ORDER OF THE BOARD**

M. ETHURAJAN  
EXECUTIVE CHAIRMAN



## BINNY LIMITED

### ANNEXURE

#### FORM 'A' Power & Fuel Consumption

B & C Mill – since the Mill is not functioning, this is not applicable.

B W Mill – since the Mill is not functioning, this is not applicable.

#### FORM "B" Technology Absorption

B & C Mill – since the Mill is not functioning, this is not applicable.

B W Mill – since the Mill is not functioning, this is not applicable.

Conservation Energy – Not applicable

### Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Company

Name of the Subsidiary Company	Financial Year of the subsidiary ending on	No. of equity shares held by Binny Ltd. and / or its nominees in the subsidiary	Extent of holding	For the financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profits/(Loss) so far it concerns the members of the holding company and not dealt within the books of Accounts of the holding company.	Profits/(Loss) so far it concerns the members of the holding company and dealt within the books of Accounts of the holding company.	Profits/(Loss) so far it concerns the members of the holding company and not dealt within the books of accounts of the holding company.	Profits/(Loss) so far it concerns the members of the holding company and dealt within the books of accounts of the holding company.
				Rs. Lakhs		Rs. Lakhs	
Binny Engineering Ltd.	31.3.12	2,87,48,100 Equity Shares of Rs. 10 each fully paid up	100%	(552.15)	Nil	(19.50) as on 31-03-2011	Nil

### I. CORPORATE GOVERNANCE

Your Directors present company's report on Corporate Governance in compliance with Listing Agreement entered into with the Stock Exchanges and the practices followed by the Company.

The Company's philosophy on Corporate Governance is compliance of matters mentioned in Clause 49 of the Listing Agreement by maintaining disclosure and transparency and aiming at enhancing the shareholders value over a period of time.

### 2. BOARD OF DIRECTORS

The Board consists of twelve directors, of which one whole-time promoter director, five non-executive promoter directors and six non-executive independent directors. The Board has an appropriate mix of executives and independent directors to ensure proper governance and management.

### BOARD MEETINGS

During the year ended 31.3.2012, six board meetings of the Company were held on the following dates viz., 27.04.11, 27.06.11, 10.08.11, 26.08.11, 09.11.11 and 08.02.12. The last Annual General Meeting of the Company was held on 28<sup>th</sup> September 2011.

## BINNY LIMITED

Name	Executive Promoter (P) Non-Executive Promoter (NEP) Non-Executive Independent (NEI)	Attendance particulars		No. of Directorship, Committee Membership/ Chairmanship other than Binny Ltd.			Date of appointment	Date of cessation
		Board Meetings	Last AGM	Other Directorship in Public Limited Companies	Committee Membership	Committee Chairmanship		
Mr.M.Ethurajan	P	6	NP	10	2	2	08.07.1987	-
Mr.M.Nandagopal	NEP	3	Yes	13	-	-	23.03.1996	-
Mr.R.Narayanan	NEI	NP	Yes	5	2	2	30.06.1990	-
Mr.S.Natarajan	NEP	5	Yes	4	1	1	11.01.1988	-
Mr.E.Shanmugam	NEP	6	Yes	7	2	-	31.03.1993	-
Mr.V.R.Venkataachalam	NEP	-	Yes	9	-	-	11.01.1988	-
Mr.Arvind Nandagopal	NEP	6	Yes	8	-	-	25.03.2005	-
Mr.K.Sundareswaran	NEI	5	Yes	-	-	-	25.03.2005	-
Mr. Justice S Jagadeesan	NEI	2	NP	-	-	-	05.09.2007	-
Mr.S.Vijayaraghavan	NEI	4	Yes	-	-	-	05.09.2007	-
Mr. R. Krishnan	NEI	4	Yes	-	-	-	05.09.2007	-
Dr. Sadayavel Kailasam	NEI	-	NP	-	-	-	29.04.2010	-

### 3. AUDIT COMMITTEE

The Committee consists of two Non-executive Independent Directors and two Non-executive promoter directors. Five meetings were held during the year ended 31.3.2012 on 27.04.11, 10.08.11, 26.08.11, 09.11.11 and 08.02.12. The constitution and functioning of the Audit Committee is in accordance with the terms of reference of Clause 49 of the Listing Agreement and provisions of sec.292A of the Companies Act, 1956 which inter alia recommend the appointment of external auditors and to fix their remuneration, reviewing quarterly, half-yearly and annual financial statements and also reviewing the adequacy of internal control systems.

Name of Member	Category of Members	Designation	Attended
Mr. R. Narayanan	Independent	Chairman	1
Mr. E. Shanmugam	Non-Independent	Member	5
Mr. K. Sundareswaran	Independent	Member	5
Dr. Sadayavel Kailasam	Independent	Member	1

The Company Secretary is the Secretary of the Audit Committee.

#### 4. a. REMUNERATION COMMITTEE

The Board constituted Remuneration Committee on 31.10.2002 for making appointment / reappointment, approve remuneration of managerial personnel of the company. In consonance with the provisions of the Companies Act, 1956 and Corporate Governance the Board drew the guidelines to be followed by the Remuneration Committee, their powers, terms and conditions. Though the Committee recommend the remuneration package, ultimately the shareholders approve the same. Mr.M.Ethurajan, Executive Chairman of the Company has waived his remuneration, as in the past.

#### 4. b. SITTING FEES

The non-executive independent directors were paid sitting fees for attending the meeting of the Board / Committee as fixed by the Board of Directors. No sitting fees was paid during the year.

## BINNY LIMITED

### 5. SHARE TRANSFER AND SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Committee consists of 3 directors (of which one is an independent non-executive director) viz., Mr. M. Ethurajan, Mr. R. Narayanan and Mr. E. Shanmugam. This committee would continue to look after and approve the share transfer, transmission, issue of duplicate share certificate etc. Further all the investors' / shareholders' grievances and the action taken by the Company to the satisfaction of the shareholders are brought to the attention of the Committee. The Committee had twenty one meetings during the year ended 31.3.2012 on 15.04.11, 30.04.11, 16.05.11, 30.05.11, 15.06.11, 29.06.11, 15.07.11, 17.08.11, 31.08.11, 16.09.11, 07.10.11, 31.10.11, 25.11.11, 15.12.11, 30.12.11, 18.01.12, 30.01.12, 15.02.12, 29.02.12, 15.03.12 and 30.03.12.

### 6. DETAILS OF LAST 3 ANNUAL GENERAL MEETINGS

Financial Year	Date	Venue of AGM held	Time
40 <sup>th</sup> AGM 2008-2009	23.12.2009	Registered Office 106, Armenian Street Chennai 600001	10.15 a.m.
41 <sup>st</sup> AGM 2009-2010	27.09.2010	Registered Office 106, Armenian Street Chennai 600001	9.30 a.m.
42 <sup>nd</sup> AGM 2010-2011	28.09.2011	Registered Office 106, Armenian Street Chennai 600001	10.30 a.m.

### 7. PAID-UP SHARE CAPITAL

Category of Shares	No. of shares (Rs.5/- each fully paid up)	Share Capital (Rs. in Lakhs)
Equity Shares	2,23,19,410	1,115.97
9.75% Preference Shares	5,48,800	27.44
9% Cumulative Redeemable Preference Shares	23,38,84,055	11,694.20

### DISTRIBUTION OF EQUITY SHAREHOLDING AS AT 31.03.2012

	SHAREHOLDERS		NO. OF SHARES HELD	
	Nos.	%	Nos.	%
1 - 5000	8,871	92.39	9,87,584	4.43
5001 - 10000	414	4.31	3,22,398	1.44
10001 - 20000	178	1.85	2,62,415	1.18
20001 - 30000	35	0.36	87,551	0.39
30001 - 40000	20	0.21	69,100	0.31
40001 - 50000	16	0.17	74,692	0.33
50001 - 100000	20	0.21	1,36,480	0.61
100001 - and above	48	0.50	2,03,79,190	91.31
	<b>9,602</b>	<b>100.00</b>	<b>2,23,19,410</b>	<b>100.00</b>

## BINNY LIMITED

### DISTRIBUTION OF PREFERENCE SHAREHOLDING AS AT 31.03.2012

	SHAREHOLDERS		No. OF SHARES HELD	
	No	%		%
1 - 500	0	0%		0%
501 - 1000	0	0%		0%
1001 - 2000	0	0%		0%
2001 - 3000	0	0%		0%
3001 - 4000	0	0%		0%
4001 - 5000	0	0%		0%
5001 - 10000	0	0%		0%
10001 and above	4	100%	23,44,32,855	100%
	<b>4</b>	<b>100%</b>	<b>23,44,32,855</b>	<b>100%</b>

### SHAREHOLDING PATTERN AS AT 31.03.2012

Category	No. of Holders	Equity %	Preference %
Promoters	15	51.04	100.00
Corporate Body - Promoters	9	23.74	—
Nationalised Banks	15	4.40	—
Financial Institutions	5	3.50	—
Corporate Body	146	2.55	—
NRI	52	0.14	—
Clearing Member	4	0.01	—
Trusts	1	0.00	—
Resident Individuals	9355	14.62	—
<b>TOTAL</b>	<b>9602</b>	<b>100.00</b>	<b>100.00</b>

## 8. DISCLOSURES

Related parties transactions are disclosed in the Notes on Accounts and there are no other materially significant related parties transactions.

The Company has been complying with SEBI Rules and Regulations and the listing agreements with the Stock Exchanges on issues related to capital market. No strictures / penalties have been imposed on the company during the year under review.

## 9. CEO/CFO Certification

The certificate in compliance with Clause 49V of the Listing Agreement was placed before the Board of Directors.

## 10. MEANS OF COMMUNICATION

The Quarterly unaudited financial results were published in the dailies "News Today" (English) and "Malaichudar" (Tamil) periodically within the stipulated time as per the listing agreement. Notice u/s 154 of the Companies Act, 1956 for the announcement of date of book closure was published in "News Today" and "Malaichudar".

## 11. MANAGEMENT DISCUSSION AND ANALYSIS

The Company is primarily engaged in the business warehousing. During the current year, performance of the Container Freight Station continued to face more and more difficulties owing the road and traffic restrictions and hence effective May 2012, the operation of Container Freight Station was ceased to continue.

## **BINNY LIMITED**

---

However, the business of warehousing continues and more prospects expanding the operation by utilization of more space is explored. However, owing to road traffic constraints prevailing in the location of our operation, higher revenue could not be anticipated during the current year.

Upon filing a petition to sanction the Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956, the Court passed order on 22<sup>nd</sup> April, 2010, sanctioning the Scheme of Arrangement with effect from 1.1.2010 and declared the Scheme to be binding on all the shareholders and creditors of the Companies.

The Share certificates to the equity shareholders were allotted and issued in the respective resulting companies on 2<sup>nd</sup> June 2010. The respective resulting companies have complied with formalities for listing of the equity shares with Bombay Stock Exchange Limited and Madras Stock Exchange Limited and obtained their in-principal approval for listing subject to the approval of Securities and Exchange Board of India (SEBI) for relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957. The application is presently pending with SEBI and the necessary clarifications sought for by SEBI as well as the Department of Corporate Affairs on certain terms of the Hon. High Court sanctioned Scheme were duly submitted by the Company. The company as well the respective resulting companies are following it up with SEBI for obtaining early approval for relaxation of Rule 19(2)(b). Upon obtaining such approval the Stock Exchanges would permit trading in equity shares of the respective resulting companies and until then the shares credited to the respective shareholders demat account is kept frozen.

Since in terms of Clause 7 of the sanctioned Scheme of Arrangement, 'inter se' transfer of shares of promoters' group has to be effected through Stock Exchanges where such shares are listed, the clause 7 could be complied with only when trading in the equity shares of respective resulting companies are approved. Therefore, reconstitution of the Board of Directors in terms of clauses 7.8 and 13 is still not given effect.

### **INVESTMENTS**

Investments meant to be held for long term are accounted at cost and at Management valuation. Diminution in value is not recognized unless it is considered permanent.

### **SEGMENT WISE / PRODUCT WISE PERFORMANCE**

	2011-2012
	Rs. In Lakhs
Agencies & Warehouse undertaking	853.66

## **12. GENERAL SHAREHOLDERS INFORMATION**

### **43<sup>rd</sup> ANNUAL GENERAL MEETING**

Date and Time	Saturday, the 29th September 2012 at 11.15 a.m.
Venue	106, Armenian Street, Chennai 600001
Book Closure	22-09-2012 to 29-09-2012 (both days inclusive)
Financial Year ended	31.03.2012
Dividend payment	NIL

## BINNY LIMITED

Listing of securities in the stock exchanges:

	Stock Code
Madras Stock Exchange Ltd	BINNY
BSE Ltd (Bombay Stock Exchange)	514215
Demat ISIN No. in NSDL / CDSL	INE118K01011

### Financial Calendar

Financial reporting for  
the quarter ending

30 <sup>th</sup> Sep 2012	Nov '12
31 <sup>st</sup> Dec 2012	Feb '13
31 <sup>st</sup> Mar 2013	May '13
30 <sup>th</sup> Jun 2013	Aug' 13

### Other Details

M/s Cameo Corporate Services Limited, Chennai are the Registrar and Share Transfer Agents. NSDL and CDSL had permitted the equity shares of the company for dematerialisation vide ISIN No. INE118K01011. The trading in equity shares of the company is permitted only in dematerialised form. As of March 31, 2012, 10.78% of total outstanding shares have been dematerialised. Out of 56,29,990 equity shares held by the shareholders other than the promoters, 24,06,037 shares (42.73% of non-promoters' shareholding) have been dematerialised upto 31.03.2012.

The company has paid annual listing fees for the relevant period to the Stock Exchanges where its equity shares are listed.

Details of shares in Demat and Physical Form as on 31<sup>st</sup> March 2012

Particulars	No. of Shareholders	No. of Shares	%to Capital
NSDL	995	2249006	10.08
CDSL	375	157031	0.70
Physical Form	8232	19913373	89.22
Total	9602	22319410	100.00

M/s Cameo Corporate Services Limited, Chennai, is Registrar and Transfer Agent for the company providing connectivity with the NSDL / CDSL for demat services, also undertake share transfer in physical format and other related services. The share transfer and other requests are processed within 15 days from the date of receipt provided the documents are complete in all respects.

Members are requested to send all their communications and documents pertaining to both shares in physical form and dematerialised form to the Registrar at the following address:

M/s CAMEO CORPORATE SERVICES LIMITED UNIT: BINNY 5 <sup>TH</sup> Floor, Subramanian Building #1, Club House Road, Chennai 600 002 Phone : 044-28460390 (5 lines); Fax No : 044-28460129 Email : investor@cameoindia.com	Contact person: Mr. R D Ramaswamy Designation: Director Mr. D Narasimhan Designation: Senior Executive (Shares)
---	---

## BINNY LIMITED

The Company has paid annual listing fees for the relevant period to the Stock Exchanges where its equity shares are listed.

### Market Price Data (Rs.)

MONTH		APL-11	MAY-11	JUN-11	JUL-11	AUG-11	SEP-11	OCT-11	NOV-11	DEC-11	JAN-12	FEB-12	MAR-12
BSE	HIGH	84.40	78.25	86.50	75.00	70.00	69.95	64.00	56.60	39.10	41.25	39.85	37.00
	LOW	73.00	68.00	71.20	64.00	57.05	58.75	52.05	33.55	32.10	34.25	31.25	27.00

### ADDRESS FOR COMMUNICATION

Name : G.Venkataraman  
Designation : Company Secretary  
Address : Binny Limited, 106 Armenian Street, Chennai 600 001  
E mail : binny.chennai@vsnl.com; binny\_secretarial@yahoo.com

### COMPLIANCE WITH THE CODE OF BUSINESS CONDUCT AND ETHICS:

All the directors and senior management have affirmed compliance with the Binny Limited Code of Business Conduct and ethics.

Chennai  
1<sup>st</sup> September 2012

By Order of the Board

M. Ethurajan  
Executive Chairman

### REPORT ON CORPORATE GOVERNANCE

To the Members of Binny Limited

I have examined the compliance of conditions of Corporate Governance by Binny Limited for the year ended 31<sup>st</sup> March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company, with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company by ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representation made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that in respect of investor grievances received during the year ended on 31<sup>st</sup> March 2012 no investor grievances are pending against the Company as per the records maintained by the Company and presented to the Share Transfer and Shareholders' / Investors' Grievance Committee of the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Chennai  
1<sup>st</sup> September 2012

G. PORSELVAM  
Practicing Company Secretary  
CP No. 3187

## **BINNY LIMITED**

### **AUTIDOR'S REPORT**

To

*The Members  
Binny Limited  
Chennai-600001*

1. We have audited the attached Balance Sheet of Binny Limited as at 31<sup>st</sup> March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed there to. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
  - a) We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;
  - d) In our opinion the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt by this report, comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representation received from the Directors and taken on record by the Board of Directors, we report that, none of the Directors are disqualified as on 31/03/2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Attention is drawn to the following material matters:
    - i. Non provision of wealth tax liability Rs.977.24 lakhs and Income Tax liability Rs.19.21 lakhs as stated in Note 23.11;
    - ii. Non provision of diminution in value of investment in Subsidiary Company Rs.2874.81 Lakhs and Loans and Advances to Subsidiary Company Rs.435.49 lakhs as stated in Note 23.4;
    - iii. Non-confirmation of balances as on 31<sup>st</sup> March 2012 from Trade receivables, trade payables, loans & advances, Other long term borrowings and Other Loans and Advances.



## **BINNY LIMITED**

---

*Without considering items mentioned in paragraph 4(f) (iii) the effect of which could not be ascertained and hence we are unable to express any opinion on these matters and had the observation in Para 4 F (i) and (ii) been considered, (a) the net profit for the year would have been Net Loss of Rs. (-)4079.42 lakhs as against reported profit of Rs.227.33 lakhs; (b) Non-Current Investments would have been Rs.4.03 lakhs as against reported amount of Rs.2878.84 lakhs; (c) Long Term Loans & Advances would have been Rs.817.33 lakhs as against reported amount of Rs.1252.82 lakhs; and (d) Short Term Provisions would have been Rs.1082.45 lakhs as against reported amount of Rs. 86.00 lakhs.*

- g) *In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the accounting policies and notes thereon, subject to the remarks stated in Para (f) above, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :*
- iv. *In the case of Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March 2012,*
- v. *In the case of Statement of Profit and Loss, of the PROFIT of the Company for the year ended on that date; and*
- vi. *In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.*

Place: Chennai  
Date: 1st September 2012

**For M/s CNGSN & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No.0049155

**R.THIRUMALMARUGAN**  
**PARTNER**  
Membership No.200102

## **BINNY LIMITED**

---

### **ANNEXURE TO AUDITORS REPORT**

*(Referred to in Paragraph 3 of our Report of even date)*

1.
  - (a) The Company is maintaining schedule of Fixed Assets, showing full particulars, which needs to be updated.*
  - (b) The fixed assets have not been verified by the management at reasonable intervals. The discrepancies (between physical verification and book records) and accounting for such discrepancies does not arise.*
  - (c) There are no disposals of substantial assets during this year.*
2.
  - (a) The inventory has been physically verified by the management during this year.*
  - (b) The procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.*
  - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.*
3.
  - (a) According to the information and explanations given to us, the company has granted unsecured interest free loans to a Subsidiary Company, which is repayable on demand. The year-end balance of loan granted was Rs.435.49 lakhs. The other clauses are not applicable.*
  - (b) According to the information and explanations given to us, the Company has taken unsecured interest free loan group company, repayable on demand, a party covered in the register maintained under section 301 of the Companies Act, 1956. The balance outstanding is Rs.3930.12 lakhs. The other clauses are not applicable.*
4. *In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for purchases of fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls systems.*
5.
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.*
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.*
6. *As explained to us, the Company has not accepted deposits from public during this year.*
7. *The Company has an internal audit system, which needs to be strengthened to commensurate with the size of the Company and the nature of its business.*
8. *As per the information and explanations given to us, the company has to update the cost records, for the process activities, as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.*
9.
  - a. According to the information and explanation given to us, the Company is depositing undisputed statutory dues, like Provident Fund, Employees Pension Fund and Employees State Insurance with some delays.*
  - b. There are no undisputed Statutory dues like Investor Education and Protection Fund, Wealth Tax, Service Tax, Customs Duty, and other statutory dues except Excise Duty Rs.0.37 lakhs and Property /Urban Land Tax Rs.239.91 lakhs as at 31 st March, 2012 for a period of more than six months from the date they become payable.*

## **BINNY LIMITED**

- c. According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, services tax, excise duty and cess which have not been deposited on account of any dispute except Income tax demand for AY 2008-2009 Rs.19.21 lakhs disputed before CIT(A) and wealth tax demand for 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, Rs.977.24 lakhs disputed before CWT(A).
10. In our opinion, the accumulated losses of the Company are not more than 50% of its net worth. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayments of dues to the financial institutions, bank and debenture holders.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
15. In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks / financial institutions.
16. In our opinion and according to the information and explanation given to us, the Company has not obtained any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
18. According to the information given to us, the Company has not made preferential allotment of shares during the year to parties covered in the register maintained under Sec.301 of the Companies Act, 1956.
19. According to the information and explanation given to us, the Company has not issued any debentures during the year and creation of security for issue of debenture does not arise.
20. According to the information and explanation given to us, the Company has not raised money by public issue during the year and disclosure of end use of public issue does not arise.
21. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For M/s CNGSN & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
*Firm Registration No:0049155*

Place : Chennai  
Date : 1st September 2012

**R. THIRUMALMARUGAN**  
Partner  
**Membership No.200102**

## BINNY LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2012

		Rs.in lakhs	
	Note No.	As at 31-03-2012	As at 31-03-2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds:</b>			
(a) Share Capital	2	12837.62	12837.62
(b) Reserves and Surplus	3	16045.09	15823.58
(c) Money Received against Share warrants		-	-
		28882.71	28661.20
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-current liabilities:</b>			
(a) Long-term borrowings	4	3930.12	3938.04
(b) Deferred tax liabilities (Net)			
(c) Other Long-term liabilities	5	1758.10	1532.21
(d) Long-term provisions	6	431.13	413.35
		6119.35	5883.60
<b>(4) Current liabilities:</b>			
(a) Short-term borrowings			
(b) Trade payables	7	191.23	325.87
(c) Other current liabilities	8	569.08	645.54
(d) Short-term provisions	9	86.00	105.00
		846.31	1076.41
<b>Total</b>		35848.37	35621.21
<b>II. ASSETS:</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible assets	10	30073.78	30103.80
(ii) Intangible assets			
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments	11	2878.84	2878.84
(c) Deferred tax assets (Net)			
(d) Long-term loans and advances	12	1252.82	1156.70
(e) Other non-current assets	13	229.95	154.18
		34435.39	34293.52
<b>(2) Current assets</b>			
(a) Current investments			
(b) Inventories			
(c) Trade receivables	14	133.88	448.81
(d) Cash and cash equivalents	15	360.30	284.96
(e) Short-term loans and advances	16	58.91	60.38
(f) Other current assets	17	859.89	1327.69
		1412.98	533.54
<b>Total</b>		35848.37	35621.21

See accompanying notes to the financial statements

As per our Report of even date  
for **M/s CNGSN & ASSOCIATES**  
Chartered Accountants  
Firm Regn No 0049155

**M.Ethurajan**  
Executive Chairman

**M.Nandagopal**  
Director

**G.Venkataraman**  
Company Secretary

Chennai  
1st September 2012

**R.THIRUMALMARUGAN**  
Partner  
Membership No.200102

**BINNY LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

Rs.in lakhs

	Note No	For the year ended 31-03-2012	For the year ended 31-03-2011
I	18	853.66	1233.96
II	19	<u>23.50</u>	<u>32.73</u>
III		<u>877.16</u>	<u>1266.69</u>
IV			
a			
b			
c			
d	20	152.20	161.22
e			
f	10	25.37	25.43
g	21	<u>369.56</u>	<u>561.59</u>
		<u>547.13</u>	<u>748.24</u>
V		330.03	518.45
VI	22	<u>16.42</u>	<u>          </u>
VII		313.61	518.45
VIII	22	<u>0.28</u>	<u>0.50</u>
IX		313.33	517.95
X			
(1)		86.00	105.00
(2)			
XI		<u>227.33</u>	<u>412.95</u>
XII			
XIII			
XIV			
XV		227.33	412.95
XVI			
(1)		1.02	1.85
(2)		1.02	1.85

See accompanying notes to the financial statements

As per our Report of even date  
for **M/s CNGSN & ASSOCIATES**  
Chartered Accountants  
Firm Regn No 0049155

**M.Ethurajan**  
Executive Chairman

**M.Nandagopal**  
Director

**G.Venkataraman**  
Company Secretary

**R.THIRUMALMARUGAN**  
Partner  
Membership No.200102

Chennai  
1st September 2012

## BINNY LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	31-03-2012	31-03-2011
	Rs in Lakhs	
<b>A Cash Flow from Operating Activities</b>		
Profit / (Loss) for the year	227.33	412.95
Adjustments for:		
Depreciation	25.37	25.43
Interest Earned	(4.60)	(15.15)
Dividend Income	(1.67)	(1.27)
Profit on sale of assets	(0.03)	(1.14)
Provision for Income Tax	86.00	105.00
Operating Profit before working Capital changes	332.40	525.82
(Increase) / Decrease in Inventories	-	2.90
(Increase) / Decrease in Trade Receivables	239.16	(168.20)
(Increase) / Decrease Other Current Assets	(326.35)	-
(Increase) / Decrease Loans & Advances	(94.65)	(112.30)
Increase / (Decrease) in Liabilities	32.57	(498.04)
<b>Cash from Operating activities</b>	183.13	(249.82)
Direct Taxes paid	(105.00)	-
<b>Net Cash from Operating activities</b>	78.13	(249.82)
<b>B Cash flow from Investing activities</b>		
Sale of Fixed Assets (including cancellation of lease hold land)	0.03	173.79
Purchase of Fixed Assets	(1.17)	(1.26)
Dividend received	1.67	1.27
Interest received	4.60	15.15
<b>Net Cash from investing activities</b>	5.13	188.95
<b>C Cash flow from financing activities</b>		
Unsecured loans (net of repayment)	(7.92)	115.43
<b>Net Cash from financing activities</b>	(7.92)	115.43
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	75.34	54.56
Cash and cash equivalent as at the beginning of the year	284.96	230.40
<b>Cash and cash equivalent as at the end of the year</b>	360.30	284.96

As per our Report of even date  
for **M/s CNGSN & ASSOCIATES**  
Chartered Accountants  
Firm Regn No 0049155

**M.Ethurajan**  
Executive Chairman

**M.Nandagopal**  
Director

**G.Venkataraman**  
Company Secretary

Chennai  
1st September 2012

**R.THIRUMALMARUGAN**  
Partner  
Membership No.200102

## **BINNY LIMITED**

---

### **Note I: SIGNIFICANT ACCOUNTING POLICIES**

**(a) Fixed assets**

- (i) *Fixed assets are stated at cost of acquisition inclusive of the cost of installation/erection and interest on borrowings for qualifying fixed assets, upto the date the asset is put to use, as applicable.*
- (ii) *Depreciation is provided on straight line method in accordance with Schedule XIV of the Companies Act 1956.*
- (iii) *Depreciation is provided on pro-rata basis from the day on which the assets have been put to use and up to the day on which assets have been disposed off.*

**(b) Inventories**

*Land and Building are valued at lower of cost and net realizable value. Cost is arrived at weighted average cost.*

**(c) Revenue Recognition**

*Financial statements are prepared under the historical cost convention. Revenue is recognized on accrual basis with provision made for known losses and expenses.*

*Services - Agency commission is recognized on accrual basis. Rental income from properties is recognised on accrual basis as per the agreements entered. Interest income is recognized on time proportion method and dividend income is recognized on right to receive is established.*

**(d) Investments**

*Investments meant to be held for long term are accounted at cost. Diminution in value, if any, is recognized in the statement of Profit & Loss account.*

**(e) Retirement Benefits**

- (i) *Contribution to Provident Fund is as per Rules of the own funds.*
- (ii) *Provision for gratuity is based on the calculations made as per the provisions of Payment of Gratuity Act, 1972 and not funded. The company estimates its liability on actuarial valuation basis as of each year-end balance sheet date carried out, and is charged to Profit and Loss Account in accordance with AS-15 (revised).*
- (iii) *Leave encashment benefits is provided on accrual basis and is not funded.*

**(f) Segment reporting**

*The company operates under a single segment viz., services & related leasing activity.*

**(g) Lease Rentals**

*Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease agreement.*

**(h) Foreign Currency Transaction/ Translation**

*There are no foreign currency transactions.*

**(i) Borrowing Costs**

*Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of such assets up-to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.*

**(j) Cash Flow Statement**

*The Cash Flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".*

## BINNY LIMITED

**(k) Earnings Per Share**

The company reports basic and diluted earnings per share in accordance with the Accounting Standard -20-“Earnings Per Share”.

**(l) Provision for Taxation**

Provision for Current Income Tax is made in accordance with the provisions of Income Tax Act, 1961. Deferred tax assets and liabilities are measured using substantially enacted tax rates as on the Balance Sheet date. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in the income statement.

**(m) Impairment of Assets**

All assets other than inventories and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

**(n) Provision and Contingencies**

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in lakhs)	
	As at 31/03/2012	As at 31/03/2011
<b>Note 2 - Share Capital</b>		
<b>Authorised</b>		
2,28,20,000 Equity shares of Rs.5 each	1141.00	1141.00
11,80,000 (9.75%) Cumulative Redeemable Preference Shares of Rs.5 each	59.00	59.00
54,20,00,000 (9%) Cumulative Redeemable Preference Shares of Rs.5 each	27100.00	27100.00
	28300.00	28300.00
<b>Issued, Subscribed &amp; Paid-up</b>		
2,23,19,410 Equity Shares of Rs. 5 each fully paid up (a)	1115.97	1115.97
5,48,800 (9.75%) Cumulative Redeemable Preference Shares of Rs.5 each fully paid up	27.44	27.44
23,38,84,055 (9%) Cumulative Redeemable Preference Shares of Rs.5 each fully paid up	11694.21	11694.21
	(b) 11721.65	11721.65
	(a+b) 12837.62	12837.62

Terms of Issue and redemptions of Cumulative Redeemable Preference Shares (CRPS):

Subsequent to the reduction as per the Scheme of Arrangement, the remaining issued CRPS and their respective redemption details are under:



## BINNY LIMITED

			Rs. in Lakhs	Redeemable on or before
13,01,76,000 (9%)	CRPS of Rs. 5 each issued on 30.9.2005	*	6508.80	30.09.2015
5,48,800 (9.75%)	CRPS of Rs.5 each issued on 30.6.2006	*	27.44	30.06.2016
1,73,56,800 (9%)	CRPS of Rs.5 each issued on 31.1.2007	*	867.84	31.01.2017
43,39,200 (9%)	CRPS of Rs.5 each issued on 30.1.2008		216.96	30.01.2013
5,10,72,384 (9%)	CRPS of Rs.5 each issued on 29.9.2008		2553.62	29.09.2013
3,09,39,671 (9%)	CRPS of Rs.5 each issued on 12.5.2010		1546.99	12.05.2015
			11721.65	

The above CRPS are allotted to the promoters, their nominees and bodies corporate against their unsecured loan brought into the Company to meet out the commitments under the sanctioned scheme of BIFR and other statutory liabilities and also in terms of the Scheme of Arrangement sanctioned by the High Court of Madras

\* Redemption due on 30.9.2010, 30.6.2011 & 31.1.2012 have been extended till 30.9.2015, 30.6.2016 & 31.1.2017 respectively Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company:

Name of the Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares</b>				
Mr. M Ethurajan	2,014,920	9.03%	2,014,920	9.03%
Mr. V R Venkataachalam	3,095,040	13.87%	3,095,040	13.87%
<b>Cumulative Redeemable Preference Shares</b>				
9.75% CRPS of Rs.5 each				
TCP Limited	274,400	50.00%	274,400	50.00%
Mohan Breweries and Distilleries Limited	274,400	50.00%	274,400	50.00%
9% CRPS of Rs.5 each				
TCP Limited	113,734,155	48.63%	113,734,155	48.63%
Mohan Breweries and Distilleries Limited	101,472,192	43.39%	101,472,192	43.39%

### NOTE 3

#### RESERVES AND SURPLUS

	Rs.lakhs	
	As at 31 st March 2012	As at 31 st March 2011
<b>CAPITAL RESERVE (on Demerger)</b>		
As per balance sheet	<u>10287.55</u>	<u>10287.55</u>
a)	<u>10287.55</u>	<u>10287.55</u>
<b>Securities Premium Account</b>		
As per balance sheet	<u>1077.66</u>	<u>1077.66</u>
b)	<u>1077.66</u>	<u>1077.66</u>

## BINNY LIMITED

		As at 31-03-2012	As at 31-03-2011
<b>Revaluation reserve (as per Court Order)</b>			
As per balance sheet		4916.32	5154.79
<b>Additions</b>			
deductions		5.82	238.47
	c)	<u>4910.50</u>	<u>4916.32</u>
<b>Profit and Loss account</b>			
As per balance sheet		-457.95	-870.90
Profit for the year		227.33	412.95
Less: Proposed dividends			
Tax on distributed profits			
Balance of Profit / Loss		-230.62	-457.95
Less: Transfer to General Reserve			
	d)	<u>-230.62</u>	<u>-457.95</u>
	(a+b+c+d)	<u><b>16045.09</b></u>	<u><b>15823.58</b></u>
		As at 31-03-2012	As at 31-03-2011
Note-4	<b>LONG-TERM BORROWINGS:</b>		
	Unsecured		
a	Loans and advances from related parties	3829.92	3837.84
b	Others	100.20	100.20
		<u>3930.12</u>	<u>3938.04</u>
Note-5	<b>OTHER LONG TERM LIABILITIES</b>		
	Unsecured		
a	Trade payable	541.62	411.45
b	Due to related parties	1160.95	1065.23
c	Others	55.53	55.53
		<u>1758.10</u>	<u>1532.21</u>
Note-6	<b>LONG TERM PROVISIONS</b>		
a	Employee Benefits	431.13	413.35
		<u>431.13</u>	<u>413.35</u>
Note-7	<b>TRADE PAYABLE</b>		
a	Sundry Creditors for trade	191.23	325.87
b	Dues to Micro, Small, Medium Enterprises Developments	nil	nil
		<u>191.23</u>	<u>325.87</u>
Note-8	<b>OTHER CURRENT LIABILITIES</b>		
a	Rates and taxes payable	239.91	280.59
b	Electricity dues payable	201.23	202.35
c	Other payables	98.08	119.48
d	Service Tax payable	29.86	43.12
		<u>569.08</u>	<u>645.54</u>
Note-9	<b>SHORT TERM PROVISIONS :</b>		
a	Provision for income tax	86.00	105.00
		<u>86.00</u>	<u>105.00</u>

## BINNY LIMITED

### Note-10 :FIXED ASSETS - TANGIBLE

(Rs. Lakhs)

Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31st March, 2011	Addition	Deletion	As at 31st March, 2012	As at 31st March, 2011	Addition	Deletion	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Land	29704.73		* 5.82	29698.91					29698.91	29704.73
Factory Buildings	741.22			741.22	406.90	16.38		423.28	317.94	334.32
Plant & Equipment	41.39			41.39	16.93	1.66		18.59	22.80	24.46
Furniture & Fixtures	72.72	1.17		73.89	37.99	6.47		44.46	29.43	34.73
Vehicles	45.17			45.17	39.61	0.86		40.47	4.70	5.56
	30605.23	1.17	5.82	30600.58	501.43	25.37		526.80	30073.78	30103.80
Previous year	31404.15	1.26	800.18	30605.23	865.06	25.43	389.06	501.43	30103.80	30539.09

\* Deletion- represents the sale of land to workers as per the MOU entered into by Management with the workers and approved by Court.

## BINNY LIMITED

Note - 11		Rs. lakhs		
<b>INVESTMENTS</b>	No. of shares	Face value per share Rs.	As at 31/3/2012	As at 31/3/2011
a) AT COST				
NON-TRADE				
Fully paid equity shares :				
QUOTED				
State Bank of India	1920	10	0.69	0.69
ICICI Bank Ltd	7851	10	3.33	3.33
UNQUOTED				
a) Fully paid equity shares in Binny Engineering Ltd. (Wholly owned subsidiary)	28748100	10	2874.81	2874.81
b) NON-TRADE				
Fully paid Equity shares :				
Tamilnadu Chromates & Chemicals Limited	30000	10	0.01	0.01
			<u>2878.84</u>	<u>2878.84</u>
		Cost	Market value/ Book value	
	Quoted	4.02	110.14	
	Unquoted	<u>2874.82</u>	-	
		<u>2878.84</u>	<u>110.14</u>	
			As at 31-03-2012	As at 31-03-2011
Note-12	LONG TERM LOANS AND ADVANCES (Unsecured-considered good)			
a	Security Deposits		0.81	0.81
b	Loans and advances			
	i) Dues from subsidiary- BEL	435.49		288.94
	ii) others	<u>816.52</u>		<u>866.95</u>
			<u>1252.82</u>	<u>1156.70</u>
Note-13	OTHER NON CURRENT ASSETS			
a	Long-term Trade Receivables- (unsecured and considered good)		109.76	33.99
b	Stock in trade (Land)		<u>120.19</u>	<u>120.19</u>
			<u>229.95</u>	<u>154.18</u>
Note-14	TRADE RECEIVABLE (Unsecured-considered good)			
a	Trade receivables outstanding for more than six months from the date they became due for payment	124.31		40.30
b	Trade receivables (others)	9.57		408.51
			<u>133.88</u>	<u>448.81</u>

## BINNY LIMITED

<b>Note-15</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	a Balance with banks	5.56	45.22
	b Cash on hand	1.28	3.52
	c Bank balances held as margin money for gurantees	11.46	11.22
	d Bank Deposits with more than 12 months maturity	<u>342.00</u>	<u>225.00</u>
		<u>360.30</u>	<u>284.96</u>
<b>Note-16</b>	<b>SHORT TERM LOANS AND ADVANCES</b> (Unsecured-considered good)		
	a other loans and advances	<u>58.91</u>	<u>60.38</u>
		<u>58.91</u>	<u>60.38</u>
<b>Note-17</b>	<b>OTHER CURRENT ASSETS</b>		
	a Interest accrued and due on investments	0.04	0.30
	b wealth tax paid under protest	535.13	207.86
	c Prepaid expenses	1.54	9.76
	d TDS &Service tax	152.18	145.15
	e Deposits with Govt.Dept	<u>171.00</u>	<u>170.47</u>
		<u>859.89</u>	<u>533.54</u>

### NOTES TO THE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

		Rs in lakhs	
		For the year ended 31/03/2012	For the year ended 31/03/2011
<b>Note-18</b>	<b>INCOME</b>		
	a Agencies commission	298.15	747.52
	b Lease rental	<u>555.51</u>	<u>486.44</u>
		<u>853.66</u>	<u>1233.96</u>
<b>Note-19</b>	<b>OTHER INCOME</b>		
	a Interest income	4.60	15.15
	b Dividend income	1.67	1.27
	c Net gain on sale of fixed assets	0.03	1.14
	d Other non-operating income	<u>17.20</u>	<u>15.17</u>
		<u>23.50</u>	<u>32.73</u>
<b>Note-20</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	a Salaries and wages	125.68	133.74
	b Contribution to PF and other funds	10.48	12.10
	c Staff welfare expenes	10.57	9.49
	d others	<u>5.47</u>	<u>5.89</u>
		<u>152.20</u>	<u>161.22</u>
<b>Note-21</b>	<b>OTHER EXPENSES</b>		
	a Rent	0.88	0.36
	b Insurance	3.48	10.82
	c Power and Fuel	39.33	40.78
	d Repairs to building	9.70	13.91

## BINNY LIMITED

e	Repairs to machinery	4.31	11.32
f	Rates and taxes	12.17	14.34
g	Payment to statutory auditors	13.78	12.24
h	Legal, Professional and consultancy	4.38	15.43
i	Cash discount and sales promotion	6.09	23.79
j	Security charges	37.10	38.37
k	Demerger expenses		108.06
l	Agency services expenses	125.79	154.85
m	Miscellaneous expenses	<u>112.55</u>	<u>117.32</u>
		<u>369.56</u>	<u>561.59</u>

Note-22 OTHER ITEMS

Details of exceptional items

a	Prior period items-tax paid for earlier years	16.42	
b	Details of extraordinary items-VSS	0.28	0.50

### NOTE: 23 OTHER NOTES ON ACCOUNTS

1. As per the Sanctioned Scheme of Arrangement by the High Court of Madras dated 22/04/2010 the management has implemented all the terms of the Scheme. The Listing / Trading of Resulting Companies Shares are under process and the Resulting Companies' applications for relaxation of Rule 19 (2) (b) of the Securities Contracts (Regulation) Rules, 1957 are presently pending with SEBI. Upon completion of formalities, the change in Directorship and interse transfer of shares among the Promoters shall be complied with.
2. Revaluation Reserve is as per the Scheme of Arrangement Sanctioned by the High Court of Madras. The outstanding Revaluation Reserve Rs.4910.50 lakhs (P.Y. 4916.32 lakhs) represents the adjusted amount of fixed assets (Land) revalued as per the Sanctioned Scheme effective from 01.01.2010.  
As per the MOU entered into with workers during the year 1500 sq.ft. of land (P.Y. 61500 sq. ft) has been transferred / sold to the workers as agreed. The revaluation reserve on these sales of land has now been reduced from the Fixed Assets and Revaluation Reserve account.
3. **Long Term Borrowings: Unsecured**  
The company was receiving the loans from the Promoters individually and through their group companies since 1994, to meet the requirements of rehabilitation schemes submitted to BIFR. As per the Sanctioned Scheme of Arrangement the company has recorded a sum of Rs.3892.92 lakhs as unsecured loan due to promoter group. The balance sum of Rs.100.20 lakhs has been received from promoters group are shown separately, for which the confirmation of balance are pending. All the loans are interest free and repayable on demand.
4. **Binny Engineering Limited (BEL)**  
**Investment & Advances to subsidiary company - BEL**  
The investment in subsidiary are considered to be long term in nature. The Management has not provided for diminution in value for the carrying amount as at the balance sheet date.  
The company has advanced a sum of Rs.435.49 lakhs (Previous Year Rs.288.94 lakhs) to Binny Engineering Limited for meeting their liabilities such as interest on PF, ESI contribution, Sales Tax etc. Considering the advances are recoverable in the ordinary course of business, the Management decided to carry these amounts at cost and no provision has been made.
5. **Contingent Liabilities**  
No provision is considered necessary in respect of the following contingent liabilities as the management is hopeful of getting relief / succeeding in the appeals:

## BINNY LIMITED

	31.03.2012	31.03.2011
		(Rs. Lacs)
a) Electricity charges on revision of Tariff rates for the period from 1-12-82 to 31-12-87 contested by the company, the recovery of which is stayed by the Hon'ble High Court of Madras	117.50	117.50
b) Estimated surcharge on belated payment above upto 31/03/2012	672.11	643.91
c) Claim for back wages in respects of various disputes		Liability, if any, not ascertainable
d) Income Tax demand for Asst. Year 2008-09	19.21	19.21
e) Wealth Tax Demand for Asst. year 2005-06 to 2010-11 (6 years)	977.24	425.99
<b>6. Other Moneys for which the company is contingently liable</b>		
a) Claims against the company not acknowledged as Debts	156.43	149.60
<b>7. Balances in Trade receivable, Trade payable and Loans and Advances are subject to confirmation/reconciliation. However, in the opinion of the Management, all current assets, debtors and loans/advances would in the ordinary course of business realize at the value stated.</b>		(Rs. Lacs)
	<b>31.3.2012</b>	<b>31.3.2011</b>
<b>8. (a) Arrears of 9.75% Cumulative Preference dividend for the Period 15.6.1998 to 30.06.2006</b>	46.12	46.12
(b) Arrears of 9.75% Cumulative Preference dividend for the period 01-07-2006 to 31-12-2009	9.36	9.36
(c) Arrears of 9% Cumulative Preference dividend for the period 01.10.2005 to 31.12.2009	3030.01	3030.01
<b>9. (a) Arrears of 9.75% Cumulative Preference dividend for the period 01-01-2010 to 31-03-2012</b>	6.02	3.34
(b) Arrears of 9% Cumulative Preference dividend for the period 01.01.2010 to 31.03.2012	2301.99	1265.15
<b>10. Foreign Exchange inflow and outflow</b>	NIL	NIL
<b>11. a. To comply with the Accounting Standard - 22 - Accounting for Taxes on income, the company reviewed the deferred tax assets and liabilities. The timing differences relates mainly to depreciation and carry forward losses for the period up to 31-03-2012 resulting in a Net Deferred Tax asset. As a prudent measure, this net deferred tax asset has not been recognized in the accounts.</b>		
<b>b. The company has received wealth tax demand for the Asst. Year 2005-06, 2006-07, 2007-08, 2008 - 09, 2009-10 &amp; 2010 - 2011 for Rs.977.24 lakhs against which the company has filed appeals with CWT (A). Against these demands a sum of Rs.535.13 lakhs has been paid under protest. Considering the company's chance of success in appeal no provision has been made in the accounts.</b>		
<b>c. The company has received Income Tax demand for asst. year 2008 - 09 Rs.19.21 lakhs which is disputed before CIT (A). Considering the company's chance of success in appeal no provision has been made in the accounts.</b>		

## BINNY LIMITED

### 12. Related Party Disclosure

#### (a) List of Related Parties

##### (i) Parties where control exists

Subsidiary

Binny Engineering Limited (BEL)

##### (ii) Other related Parties with whom transactions have taken place during the year

Associates

S.V. Sugar Mills Ltd (SVSM)

The Thirumagal Mills Ltd (TML)

Mohan Breweries & Distilleries Ltd (MBDL)

TCP Ltd

S V Global Mill Ltd. (SVG)

Binny Mills Ltd (BML)

##### (iii) Key Management Personnel

M. Ethurajan

E. Shanmugam

M. Nandagopal

VR. Venkataachalam

Arvind Nandagopal

		Current year 31/03/2012	Previous year 31/03/2011
(Rs. in lakhs)			
(b) Transactions with related parties			
Rendering of Services	MBDL	—	4.96
Loans to Subsidiary	BEL	146.55	67.58
Outstanding balances	BML	0.80	2.97
Debtors	MBDL	0.75	37.23
		<u>1.55</u>	<u>40.20</u>
(c) Loans & Advances	BEL	<u>435.49</u>	<u>288.94</u>
Creditors	MBDL	—	6.69
(Advance for Sale of Property)	BML	1160.95	1065.23

### 13. Earnings per Share:

	Before extra ordinary item		After extra ordinary item	
	2012	2011	2012	2011
Profit available to Equity Share holders used as				
Numerator – (A) (Rs. lakhs)	244.03	413.45	227.33	412.95
Number of Shares outstanding	2,23,19,410	2,23,19,410	2,23,19,410	2,23,19,410
Weighted Average Number of shares				
outstanding-(B)	2,23,19,410	2,23,19,410	2,23,19,410	2,23,19,410
Effect of dilution	NIL	NIL	NIL	NIL
Weighted Average No. of Equity Shares				
Including potential shares –(D)	2,23,19,410	2,23,19,410	2,23,19,410	2,23,19,410
Earnings per share (Basic & diluted A/B				
(A*1,000/B) in Rs.	1.09	1.85	1.02	1.85



## BINNY LIMITED

14. As per actuarial valuation as on 31-03-2012 and recognized in the financial statements in respect of employee benefit schemes as require under AS 15 (R) are as under:

PARTICULARS	Gratuity Unfunded		Long Term Compensated Absence Unfunded	
<b>Unfunded Liabilities</b>				
(i) <b>Assumptions</b>	31.3.2012	31.3.2011	31.3.2012	31.3.2011
Discount Rate	8.00%	8.00%	8.00%	8.00%
Salary Escalation	5.00%	4.00%	5.00%	4.00%
Attrition Rate	5.00%	5.00%	5.00%	5.00%
		Rs. lakhs		Rs. lakhs
(ii) <b>Table Showing Change in Benefit Obligation</b>				
Liability at the beginning of the Period	48.66	46.08	4.75	4.49
Interest Cost	3.89	3.69	0.38	0.36
Current Service Cost	2.66	16.82	0.94	0.77
Benefit Paid	(5.72)	1.49	(0.74)	(0.06)
Actuarial (gain) / Loss on obligations	5.24	(16.44)	(0.38)	(0.81)
Liability at the end of the Period	54.73	48.66	4.95	4.75
(iii) <b>Amount Recognised in the Income Statement</b>				
Current Service Cost	2.66	16.82	0.94	0.77
Interest Cost	3.89	3.69	0.38	0.36
Expected Return on Plan Assets	0	0	0	0
Net Actuarial (Gain) /Loss to be Recognised	5.24	(16.44)	(0.38)	(0.81)
Expenses Recognised in Profit & Loss A/c	11.79	4.07	0.94	0.32
(iv) <b>Amount Recognised in the Balance Sheet</b>				
Opening Net Liability	48.66	46.08	4.75	4.49
Expenses as above	11.79	4.07	0.94	0.32
Employers Contribution paid / Benefits Paid	(5.72)	(1.49)	(0.74)	(0.06)
Closing net Liability	54.73	48.66	4.95	4.75

15. Previous year figures have been regrouped wherever necessary to conform to current year classifications.

			As Per our Report of even date
M. ETHURAJAN	M. Nandagopal	G. Venkataraman	for M/s. CNGSN& ASSOCIATES
Executive Chairman	Director	Company Secretary	Chartered Accountants
			Firm Reg. No: 004915S

Chennai  
Date: 1<sup>st</sup> September 2012

R. THIRUMALMARUGAN  
Partner  
Membership No. 200102

## **BINNY LIMITED (CONSOLIDATED)**

### **Auditors' Report to the Board of Directors of Binny Limited on the Consolidated Financial Statements of Binny Limited and its Subsidiary:**

1. We have examined the attached Consolidated Balance Sheet of Binny Limited and its subsidiary, Binny Engineering Limited as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that, the Consolidated Financial Statements have been prepared by the Binny Limited in accordance with the requirements of Accounting Standard (AS) 21, on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Binny Limited and its subsidiary included in the consolidated financial statements.
4. Attention is invited to the following material matters relating to the parent and subsidiary company reported in the Notes on Accounts:
  - i. Preparation of subsidiary company financials on the principals applicable to Going concern
  - ii. Non- confirmation of balances as on 31st March, 2012 from Trade receivables, trade payables, loans & advances, Other long term borrowings, Other Loans and Advances;
  - iii. Non provision of wealth tax liability Rs.977.24 lakh and Income Tax liability Rs.19.21 lakhs and excise demands under appeal of Rs.2.99 lakhs
5. On the basis of information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Binny Limited and its subsidiary and subject to our observations in paragraphs 4 above, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India: -
  - a) In the case of the Consolidated Balance Sheet of the Consolidated State of Affairs of Binny Limited and its subsidiary as at 31<sup>st</sup> March, 2012;
  - b) In the case of Consolidated Statement of Profit and Loss, of LOSS for the period then ended on that date; and
  - c) In the case of Consolidated Cash Flow Statement, of the Cash Flows for the period then ended.

For M/s. CNGSN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Reg.No:0049155

Place: CHENNAI

Date: 1<sup>st</sup> September, 2012

R. THIRUMAL MARUGAN  
PARTNER  
Membership No.: 200102

**BINNY LIMITED (CONSOLIDATED)**

**BALANCE SHEET AS AT 31ST MARCH, 2012**

		Rs.in lakhs	
	Note No.	As at 31-03-2012	As at 31-03-2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds:</b>			
(a) Share Capital	2	12837.62	12837.62
(b) Reserves and Surplus	3	12985.51	13316.15
(c) Money Received against Share warrants		25823.13	26153.77
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-current liabilities:</b>			
(a) Long-term borrowings	4	5081.34	5058.15
(b) Deferred tax liabilities (Net)			
(c) Other Long-term liabilities	5	1784.39	1558.50
(d) Long-term provisions	6	521.92	504.14
<b>(4) Current liabilities:</b>			
(a) Short-term borrowings			
(b) Trade payables	7	191.23	325.87
(c) Other current liabilities	8	1747.28	1460.55
(d) Short-term provisions	9	86.00	105.00
		2024.51	1891.42
Total		35235.29	35165.98
<b>II. ASSETS:</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	10	30121.32	30158.32
(ii) Intangible assets			
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments	11	2079.03	2079.03
(c) Deferred tax assets (Net)			
(d) Long-term loans and advances	12	1391.88	1440.55
(e) Other non-current assets	13	229.95	154.18
<b>(2) Current assets</b>			
(a) Current investments			
(b) Inventories			
(c) Trade receivables	14	133.88	448.81
(d) Cash and cash equivalents	15	360.43	291.17
(e) Short-term loans and advances	16	58.91	60.38
(f) Other current assets	17	859.89	1413.11
		1413.11	533.54
Total		35235.29	35165.98

See accompanying notes to the financial statements

As Per our Report of even date  
for M/s. CNGSN& ASSOCIATES  
Chartered Accountants  
Firm Reg. No: 0049155

M. ETHURAJAN  
Executive Chairman

M. Nandagopal  
Director

G. Venkataraman  
Company Secretary

Chennai  
Date: 1<sup>st</sup> September, 2012

R. THIRUMALMARUGAN  
Partner  
Membership No: 200102

**BINNY LIMITED (CONSOLIDATED)**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

		Rs.in lakhs		
		For the	For the	
		year ended	year ended	
		31-03-2012	31-03-2011	
	Note No			
I	Revenue from operations	18	853.66	1233.96
II	Other income	19	28.17	127.04
III	Total Revenue (I + II)		<u>881.83</u>	<u>1361.00</u>
IV	Expenses:			
	a Cost of materials consumed			
	b Purchases of Stock-in-Trade			
	c Changes in inventories of finished goods work-in-progress and Stock-in-Trade			
	d Employee benefits expenses	20	158.41	167.54
	e Finance costs			
	f Depreciation and amortization expenses	10	32.35	36.20
	g Other expenses	21	913.19	658.31
	Total expenses		<u>1103.95</u>	<u>862.05</u>
V	Profit before exceptional and extraordinary items and tax (III - IV)		-222.12	498.95
VI	Exceptional items	22	16.42	
VII	Profit before extraordinary items and tax (V - VI)		-238.54	498.95
VIII	Extraordinary items	22	0.28	0.50
IX	Profit before tax (VII - VIII)		<u>-238.82</u>	<u>498.45</u>
X	Tax expenses			
	(1) Current tax		86.00	105.00
	(2) Deferred tax			
XI	Profit / (loss) for the period from continuing operations (IX - X - XIV)		<u>-324.82</u>	<u>393.45</u>
XII	Profit / (loss) from discontinuing operations			
XIII	Tax expenses of discontinuing operations			
XIV	Profit / (loss) from discontinuing operations (after tax) (XII - XIII)			
XV	Profit / (loss) for the period (XI + XIV)		<u>-324.82</u>	<u>393.45</u>
XVI	Earnings per share:			
	(1) Basic		-1.46	1.76
	(2) Diluted		-1.46	1.76

See accompanying notes to the financial statements

As Per our Report of even date  
for M/s. CNGSN& ASSOCIATES  
Chartered Accountants  
Firm Reg. No: 0049155

M. ETHURAJAN  
Executive Chairman

M. Nandagopal  
Director

G. Venkataraman  
Company Secretary

Chennai  
Date: 1<sup>st</sup> September, 2012

R. THIRUMALMARUGAN  
Partner  
Membership No: 200102

**BINNY LIMITED (CONSOLIDATED)**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

	31-03-2012	31-03-2011
	Rs in Lakhs	
<b>A Cash Flow from Operating Activities</b>		
Profit / (Loss) for the year	(324.82)	393.45
Adjustments for:		
Depreciation	32.35	36.20
Interest Earned	(5.78)	(13.76)
Dividend Income	(1.67)	(3.40)
Profit on sale of assets	(0.47)	(80.64)
Provision for Income Tax	86.00	105.00
Operating Profit before working Capital changes	(214.39)	436.85
(Increase) / Decrease in Inventories	-	2.90
(Increase) / Decrease in Trade Receivables	239.16	(103.18)
(Increase) / Decrease Other Current Assets	(326.35)	-
(Increase) / Decrease Loans & Advances	50.14	(37.01)
Increase / (Decrease) in Liabilities	395.76	(629.16)
<b>Cash from Operating activities</b>	144.32	(329.60)
Direct Taxes paid	(105.00)	-
<b>Net Cash from Operating activities</b>	39.32	(329.60)
<b>B Cash flow from Investing activities</b>		
Sale of Fixed Assets (including cancellation of lease hold land)	0.47	253.29
Purchase of Fixed Assets	(1.17)	(1.26)
Dividend received	1.67	3.40
Interest received	5.78	13.76
<b>Net Cash from investing activities</b>	6.75	269.19
<b>C Cash flow from financing activities</b>		
Unsecured loans (net of repayment)	23.19	115.43
<b>Net Cash from financing activities</b>	23.19	115.43
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	69.26	55.02
Cash and cash equivalent as at the beginning of the year	291.17	236.15
<b>Cash and cash equivalent as at the end of the year</b>	360.43	291.17

As Per our Report of even date  
for M/s. CNGSN& ASSOCIATES  
Chartered Accountants  
Firm Reg. No: 0049155

M. ETHURAJAN  
Executive Chairman

M. Nandagopal  
Director

G. Venkataraman  
Company Secretary

Chennai  
Date: 1<sup>st</sup> September, 2012

R. THIRUMALMARUGAN  
Partner  
Membership No: 200102

## **BINNY LIMITED (CONSOLIDATED)**

---

### **Note I: SIGNIFICANT ACCOUNTING POLICIES**

**(a) Fixed assets**

- (i) *Fixed assets are stated at cost of acquisition inclusive of the cost of installation/erection and interest on borrowings for qualifying fixed assets, upto the date the asset is put to use, as applicable.*
- (ii) *Depreciation is provided on straight line method in accordance with Schedule XIV of the Companies Act 1956.*
- (iii) *Depreciation is provided on pro-rata basis from the day on which the assets have been put to use and up to the day on which assets have been disposed off.*

**(b) Inventories**

*Land and Building are valued at lower of cost and net realizable value. Cost is arrived at weighted average cost.*

**(c) Revenue Recognition**

*Financial statements are prepared under the historical cost convention. Revenue is recognized on accrual basis with provision made for known losses and expenses.*

*Services - Agency commission is recognized on accrual basis. Rental income from properties is recognised on accrual basis as per the agreements entered. Interest income is recognized on time proportion method and dividend income is recognized on right to receive is established.*

**(d) Investments**

*Investments meant to be held for long term are accounted at cost. Diminution in value, if any, is recognized in the statement of Profit & Loss account.*

**(e) Retirement Benefits**

- (i) *Contribution to Provident Fund is as per Rules of the own funds.*
- (ii) *Provision for gratuity is based on the calculations made as per the provisions of Payment of Gratuity Act, 1972 and not funded. The company estimates its liability on actuarial valuation basis as of each year-end balance sheet date carried out, and is charged to Profit and Loss Account in accordance with AS-15 (revised).*
- (iii) *Leave encashment benefits is provided on accrual basis and is not funded.*

**(f) Segment reporting**

*The company operates under a single segment viz., services & related leasing activity.*

**(g) Lease Rentals**

*Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease agreement.*

**(h) Foreign Currency Transaction/ Translation**

*There are no foreign currency transactions.*

**(i) Borrowing Costs**

*Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of such assets up-to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.*

**(j) Cash Flow Statement**

*The Cash Flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".*

## BINNY LIMITED (CONSOLIDATED)

### (k) Earnings Per Share

The company reports basic and diluted earnings per share in accordance with the Accounting Standard -20-“Earnings Per Share”.

### (l) Provision for Taxation

Provision for Current Income Tax is made in accordance with the provisions of Income Tax Act, 1961. Deferred tax assets and liabilities are measured using substantially enacted tax rates as on the Balance Sheet date. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in the income statement.

### (m) Impairment of Assets

All assets other than inventories and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

### (n) Provision and Contingencies

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

## NOTES TO THE FINANCIAL STATEMENTS

	(Rs. in lakhs)	
	As at 31/03/2012	As at 31/03/2011
<b>Note 2 - Share Capital</b>		
<b>Authorised</b>		
2,28,20,000 Equity shares of Rs.5 each	1141.00	1141.00
11,80,000 (9.75%) Cumulative Redeemable Preference Shares of Rs.5 each	59.00	59.00
54,20,00,000 (9%) Cumulative Redeemable Preference Shares of Rs.5 each	<u>27100.00</u>	<u>27100.00</u>
	<u>28300.00</u>	<u>28300.00</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
2,23,19,410 Equity Shares of Rs. 5 each fully paid up (a)	1115.97	1115.97
5,48,800 (9.75%) Cumulative Redeemable Preference Shares of Rs.5 each fully paid up	27.44	27.44
23,38,84,055 (9%) Cumulative Redeemable Preference Shares of Rs.5 each fully paid up	<u>11694.21</u>	<u>11694.21</u>
(b)	<u>11721.65</u>	<u>11721.65</u>
(a+b)	<u>12837.62</u>	<u>12837.62</u>

Terms of Issue and redemptions of Cumulative Redeemable Preference Shares (CRPS):

Subsequent to the reduction as per the Scheme of Arrangement, the remaining issued CRPS and their respective redemption details are under:

## BINNY LIMITED (CONSOLIDATED)

	Rs. in Lakhs	Redeemable on or before
13,01,76,000 (9%) CRPS of Rs. 5 each issued on 30.9.2005	* 6508.80	30.09.2015
5,48,800 (9.75%) CRPS of Rs.5 each issued on 30.6.2006	* 27.44	30.06.2016
1,73,56,800 (9%) CRPS of Rs.5 each issued on 31.1.2007	* 867.84	31.01.2017
43,39,200 (9%) CRPS of Rs.5 each issued on 30.1.2008	216.96	30.01.2013
5,10,72,384 (9%) CRPS of Rs.5 each issued on 29.9.2008	2553.62	29.09.2013
3,09,39,671 (9%) CRPS of Rs.5 each issued on 12.5.2010	1546.99	12.05.2015
	11721.65	

The above CRPS are allotted to the promoters, their nominees and bodies corporate against their unsecured loan brought into the Company to meet out the commitments under the sanctioned scheme of BIFR and other statutory liabilities and also in terms of the Scheme of Arrangement sanctioned by the High Court of Madras

\* Redemption due on 30.9.2010, 30.6.2011 & 31.1.2012 have been extended till 30.9.2015, 30.6.2016 & 31.1.2017 respectively. Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company:

Name of the Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares</b>				
Mr. M Ethurajan	2,014,920	9.03%	2,014,920	9.03%
Mr. V R Venkataachalam	3,095,040	13.87%	3,095,040	13.87%
<b>Cumulative Redeemable Preference Shares</b>				
9.75% CRPS of Rs.5 each				
TCP Limited	274,400	50.00%	274,400	50.00%
Mohan Breweries and Distilleries Limited	274,400	50.00%	274,400	50.00%
9% CRPS of Rs.5 each				
TCP Limited	113,734,155	48.63%	113,734,155	48.63%
Mohan Breweries and Distilleries Limited	101,472,192	43.39%	101,472,192	43.39%

### NOTE 3

#### RESERVES AND SURPLUS

	As at 31 st March 2012	Rs.lakhs	As at 31 st March 2011
<b>CAPITAL RESERVE (on Demerger)</b>			
As per balance sheet	10287.55		10287.55
a)	10287.55		10287.55
<b>Securities Premium Account</b>			
As per balance sheet	1077.66		1077.66
b)	1077.66		1077.66



## BINNY LIMITED (CONSOLIDATED)

		As at 31-03-2012	As at 31-03-2011
<b>Revaluation reserve (as per Court Order)</b>			
As per balance sheet		4916.32	5154.79
<b>Additions</b>			
deductions		<u>5.82</u>	<u>238.47</u>
	c)	<u>4910.50</u>	<u>4916.32</u>
<b>Profit and Loss account</b>			
As per balance sheet		-2965.38	-3358.83
Profit for the year		-324.82	393.45
Less: Proposed dividends			
Tax on distributed profits			
Balance of Profit / Loss		-3290.20	-2965.38
Less: Transfer to General Reserve			
	d)	<u>-3290.20</u>	<u>-2965.38</u>
	<b>(a+b+c+d)</b>	<b><u>12985.51</u></b>	<b><u>13316.15</u></b>
		As at 31-03-2012	As at 31-03-2011
<b>Note-4 LONG-TERM BORROWINGS:</b>			
Unsecured			
a	Loans and advances from related parties	4438.63	4563.84
b	Other loans and advances	<u>642.71</u>	<u>494.31</u>
		<u>5081.34</u>	<u>5058.15</u>
<b>Note-5 OTHER LONG TERM LIABILITIES</b>			
Unsecured			
a	Trade payable	567.91	437.74
b	Due to related parties	1160.95	1065.23
c	Others	<u>55.53</u>	<u>55.53</u>
		<u>1784.39</u>	<u>1558.50</u>
<b>Note-6 LONG TERM PROVISIONS</b>			
a	Employee Benefits	431.52	413.74
b	Others	<u>90.40</u>	<u>90.40</u>
		<u>521.92</u>	<u>504.14</u>
<b>Note-7 TRADE PAYABLE</b>			
a	Sundry Creditors for trade	191.23	325.87
b	Dues to Micro, Small, Medium Enterprises Developments	nil	nil
		<u>191.23</u>	<u>325.87</u>
<b>Note-8 OTHER CURRENT LIABILITIES</b>			
a	Rates and taxes payable	239.91	280.59
b	Electricity dues payable	201.23	202.35
c	Sales Tax payable	1178.20	815.01
d	Service Tax payable	29.86	43.12
e	Other payables	<u>98.08</u>	<u>119.48</u>
		<u>1747.28</u>	<u>1460.55</u>
<b>Note-9 SHORT TERM PROVISIONS</b>			
a	Provision for income tax	<u>86.00</u>	<u>105.00</u>
		<u>86.00</u>	<u>105.00</u>

**BINNY LIMITED (CONSOLIDATED)**

**Note-10 :FIXED ASSETS - TANGIBLE**

Rs. Lakhs

Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31st March, 2011	Addition	Deletion	As at 31st March, 2012	As at 31st March, 2011	Addition	Deletion	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Land	29704.73		* 5.82	29698.91					29698.91	29704.73
Land (Leasehold)	1.25			1.25	1.25			1.25		
Factory Buildings	904.36			904.36	520.14	21.83		541.97	362.39	384.22
Plant & Equipment	243.34		48.28	195.06	214.27	3.19	48.28	169.18	25.88	29.07
Furniture & Fixtures	91.80	1.17		92.97	57.07	6.47		63.54	29.43	34.73
Vehicles	45.18			45.18	39.61	0.86		40.47	4.71	5.57
	30990.66	1.17	54.10	30937.73	832.34	32.35	48.28	816.41	30121.32	30158.32
Previous year	31890.35	1.26	900.95	30990.66	1285.97	36.20	489.83	832.34	30158.32	30604.38

\* Deletion- represents the sale of land to workers as per the MOU entered into by Management with the workers and approved by Court.

## BINNY LIMITED (CONSOLIDATED)

Note - 11	Rs. lakhs			
<b>INVESTMENTS</b>	No. of shares	Face value per share Rs.	As at 31/3/2012	As at 31/3/2011
a) AT COST				
NON-TRADE				
Fully paid equity shares :				
QUOTED				
State Bank of India	1920	10	0.69	0.69
ICICI Bank Ltd	7851	10	3.33	3.33
UNQUOTED				
Fully paid Cumulative Redeemable Pref.shares in SV Sugar Mills Ltd.	20750000	10	2075.00	2075.00
b) NON-TRADE				
Fully paid Equity shares :				
Tamilnadu Chromates & Chemicals Limited	30000	10	0.01	0.01
			<u>2079.03</u>	<u>2079.03</u>
			Market value/ Book value	
		Cost		
	Quoted	4.03	110.14	
	Unquoted	2075.00	-	
		<u>2079.03</u>	<u>110.14</u>	
			As at 31-03-2012	As at 31-03-2011
Note-12 LONG TERM LOANS AND ADVANCES (unsecured-considered good)				
a Security Deposits			10.52	9.86
b i) Related parties			559.74	559.74
ii)others			<u>821.62</u>	<u>870.95</u>
			<u>1391.88</u>	<u>1440.55</u>
Note-13 OTHER NON CURRENT ASSETS				
a Long-term Trade Receivables-(unsecured&considered good)			109.76	33.99
b Stock in trade (Land)			<u>120.19</u>	<u>120.19</u>
			<u>229.95</u>	<u>154.18</u>
Note-14 TRADE RECEIVABLE (unsecured-considered good)				
a Trade receivables outstanding for more than six months from the date they became due for payment			124.31	40.30
b Trade receivables (others)			<u>9.57</u>	<u>408.51</u>
Note-15 CASH AND CASH EQUIVALENTS			<u>133.88</u>	<u>448.81</u>
a Balance with banks			5.64	45.40
b Cash on hand			1.28	3.72
c Bank balances held as margin money for gurantees			11.51	17.05
d Bank Deposits with more than 12 months maturity			<u>342.00</u>	<u>225.00</u>
			<u>360.43</u>	<u>291.17</u>
Note-16 SHORT TERM LOANS AND ADVANCES				
a Other Loans and advances			58.91	60.38
			<u>58.91</u>	<u>60.38</u>

## BINNY LIMITED (CONSOLIDATED)

		As on 31.3.2012	As on 31.3.2011
Note-17	<b>OTHER CURRENT ASSETS</b>		
a	Interest accrued and due on investments	0.04	0.30
b	wealth tax	535.13	207.86
c	Prepaid insurance	1.54	9.76
d	TDS,Service tax, sales tax	152.18	145.15
e	Deposits with Govt Dept	<u>171.00</u>	<u>170.47</u>
		<u>859.89</u>	<u>533.54</u>

### NOTES TO THE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

		Rs in lakhs	
		For the year ended 31/03/2012	For the year ended 31/03/2011
Note-18	<b>INCOME</b>		
a	Agencies commission	298.15	747.52
b	Lease rental	<u>555.51</u>	<u>486.44</u>
		<u>853.66</u>	<u>1233.96</u>
Note-19	<b>OTHER INCOME</b>		
a	Interest income	5.78	13.76
b	Dividend income	1.67	3.40
c	Net gain on sale of fixed assets	0.47	80.64
d	Other non-operating income	<u>20.25</u>	<u>29.24</u>
		<u>28.17</u>	<u>127.04</u>
Note-20	<b>EMPLOYEE BENEFIT EXPENSES</b>		
a	Salaries and wages	131.28	139.52
b	Contribution to PF and other funds	10.69	12.31
c	Staff welfare expenses	10.96	9.79
d	others	<u>5.48</u>	<u>5.92</u>
		<u>158.41</u>	<u>167.54</u>
Note-21	<b>OTHER EXPENSES</b>		
a	Rent	0.96	0.44
b	Insurance	3.48	10.82
c	Power and Fuel	45.63	47.57
d	Repairs to building	9.70	13.91
e	Repairs to machinery	4.31	11.32
f	Rates and taxes	522.98	15.40
g	Payment to statutory auditors	14.74	13.05
h	Legal, Professional and consultancy	18.10	27.43
i	Cash discount and sales promotion	6.09	23.79
j	Bad debts written off	-	64.97
k	Security charges	48.00	48.42
l	Demerger expenses	-	108.06
m	Agency services expenses	125.79	154.85
n	Miscellaneous expenses	<u>113.41</u>	<u>118.28</u>
		<u>913.19</u>	<u>658.31</u>
Note-22	<b>OTHER ITEMS</b>		
	Details of exceptional items		
a	Prior period items-tax paid for earlier years	16.42	
b	Details of extraordinary items-VSS	0.28	0.50

## BINNY LIMITED (CONSOLIDATED)

### NOTE: 23 OTHER NOTES ON ACCOUNTS

1. The financials of subsidiary company was prepared on the principles applicable to the going concern. The Management is exploring all possible avenues to commence the business by exploiting the lease hold land.
2. As per the Sanctioned Scheme of Arrangement by the High Court of Madras dated 22/04/2010 the management has implemented all the terms of the Scheme. The Listing / Trading of Resulting Companies Shares are under process and the Resulting Companies' applications for relaxation of Rule 19 (2) (b) of the Securities Contracts (Regulation) Rules, 1957 are presently pending with SEBI. Upon completion of formalities, the change in Directorship and interse transfer of shares among the Promoters shall be complied with.
3. Revaluation Reserve is as per the Scheme of Arrangement Sanctioned by the High Court of Madras. The outstanding Revaluation Reserve Rs.4910.50 lakhs (P.Y. 4916.32 lakhs) represents the adjusted amount of fixed assets (Land) revalued as per the Sanctioned Scheme effective from 01.01.2010.

As per the MOU entered into with workers during the year 1500 sq.ft. of land (P.Y. 61500 sq. ft) has been transferred / sold to the workers as agreed. The revaluation reserve on these sales of land has now been reduced from the Fixed Assets and Revaluation Reserve account.

#### 4. Long Term Borrowings: Unsecured

The company was receiving the loans from the Promoters individually and through their group companies since 1994, to meet the requirements of rehabilitation schemes submitted to BIFR. As per the Sanctioned Scheme of Arrangement the company has recorded a sum of Rs.3892.92 lakhs as unsecured loan due to promoter group. The balance sum of Rs.100.20 lakhs has been received from promoters group are shown separately, for which the confirmation of balance are pending. All the loans are interest free and repayable on demand.

#### 5. Contingent Liabilities

No provision is considered necessary in respect of the following contingent liabilities as the management is hopeful of getting relief / succeeding in the appeals:

	31.03.2012	31.03.2011
	(Rs. Lacs)	
a) Electricity charges on revision of Tariff rates for the period from 1-12-82 to 31-12-87 contested by the company, the recovery of which is stayed by the Hon'ble High Court of Madras	117.50	117.50
b) Estimated surcharge on belated payment above upto 31/03/2012	672.11	643.91
c) Claim for back wages in respects of various disputes		Liability, if any, not ascertainable
d) Disputed claim for delayed remittance of statutory dues where the appeals are pending before EPF appellate, Authority and Principal Labour Court (ESI Court) and High Court.	62.90	62.90
e) Claims from Customers against performance, in previous years which is not acknowledged as debt.	1212.44	1212.44
f) Amount of interest received from Nizam Sugars Ltd., (NSL) is contingently liable for refund in case the AP High Court decides the matter in favour of NSL.	52.37	52.37
g) Excise Demands under Appeal	2.99	122.30
h) Income Tax demand for Asst. Year 2008-09	19.21	19.21
i) Wealth Tax Demand for Asst. year 2005-06 to 2010-11 (6 years)	977.24	425.99
<b>6. Other Moneys for which the company is contingently liable</b>		
a) Claims against the company not acknowledged as Debts	156.43	149.60
<b>7. Balances in Trade receivable, Trade payable and Loans and Advances are subject to confirmation/ reconciliation. However, in the opinion of the Management, all current assets, debtors and loans/ advances would in the ordinary course of business realize at the value stated.</b>		

## BINNY LIMITED (CONSOLIDATED)

	(Rs. Lakhs)	
	31.3.2012	31.3.2011
<b>8.</b> (a) Arrears of 9.75% Cumulative Preference dividend for the Period 15.6.1998 to 30.06.2006	46.12	46.12
(b) Arrears of 9.75% Cumulative Preference dividend for the period 01-07-2006 to 31-12-2009	9.36	9.36
(c) Arrears of 9% Cumulative Preference dividend for the period 01.10.2005 to 31.12.2009	3030.01	3030.01
<b>9.</b> (a) Arrears of 9.75% Cumulative Preference dividend for the period 01-01-2010 to 31-03-2012	6.02	3.34
(b) Arrears of 9% Cumulative Preference dividend for the period 01.01.2010 to 31.03.2012	2301.99	1265.15
<b>10.</b> Foreign Exchange inflow and outflow	NIL	NIL
<b>11.</b> <b>a.</b> To comply with the Accounting Standard - 22 - Accounting for Taxes on income, the company reviewed the deferred tax assets and liabilities. The timing differences relates mainly to depreciation and carry forward losses for the period up to 31-03-2012 resulting in a Net Deferred Tax asset. As a prudent measure, this net deferred tax asset has not been recognized in the accounts.		
<b>b.</b> The company has received wealth tax demand for the Asst. Year 2005-06, 2006-07, 2007-08, 2008 - 09, 2009-10 & 2010 - 2011 for Rs.977.24 lakhs against which the company has filed appeals with CWT (A). Against these demands a sum of Rs.535.13 lakhs has been paid under protest. Considering the company's chance of success in appeal no provision has been made in the accounts.		
<b>c.</b> The company has received Income Tax demand for asst. year 2008 - 09 Rs.19.21 lakhs which is disputed before CIT (A). Considering the company's chance of success in appeal no provision has been made in the accounts.		
<b>12.</b> Related Party Disclosure		
(a) List of Related Parties		
(i) Other related Parties with whom transactions have taken place during the year		
Associates		
S.V. Sugar Mills Ltd (SVSM)		
The Thirumagal Mills Ltd (TML)		
Moham Breweries & Distilleries Ltd (MBDL)		
TCP Ltd		
S V Global Mill Ltd. (SVG)		
Binny Mills Ltd (BML)		
(ii) Key Management Personnel		
M. Ethurajan		
E. Shanmugam		
M. Nandagopal		
V.R. Venkataachalam		
Arvind Nandagopal		
	Current year 31/03/2012	Previous year 31/03/2011
(b) Transactions with related parties		(Rs. in lakhs)
Rendering of Services — MBDL -		4.96

## BINNY LIMITED (CONSOLIDATED)

Outstanding balances Debtors — BML	0.80	2.97
MBDL	0.75	37.23
	1.55	40.20
Investments	2075.00	2075.00
Loans & Advances —		
SVSM	559.74	559.74
Creditors — MBDL	—	6.69
(Advance for Sale of Property) - BML	1160.95	1065.23

**13.** In the year 1994, when the rehabilitation scheme was sanctioned by BIFR, deferral of sales tax commencing from the year 1994, payable in the next 5 years had been sanctioned for Binny Engineering Limited. The above exemption was valid only till 31.03.1999 and the company has sought for extension of the deferral for a further period of 5 years in the revised package submitted to Board for Industrial and Financial Reconstruction in August 2002. However, BIFR has delinked the Company from the rehabilitation scheme of Binny Limited. The deferred amount of Rs.679.03 lakhs for the period 1994 – 95 to 1998 – 99 were pending for payment (out of Rs.679.03 lakhs, Rs.214.03 lakhs relates to 1994 – 95 in which period the Company was a division of Binny Limited). During April and May 2012 all the above taxes have been settled and paid under Tamilnadu Sales Tax (settlement of Arrears) Act 2011 scheme. As on date there are no tax payable.

**14.** Investment represents fully paid cumulative redeemable preference share capital (2,07,50,000 shares of Rs.10 each) in M/s. S.V. Sugar Mills Limited, associate company. For the year the company has not declared any preference dividend.

**15.** Earnings per Share:

	Before extra ordinary item		After extra ordinary item	
	2012	2011	2012	2011
Profit available to Equity Share holders used as				
Numerator – (A) (Rs. lakhs)	-308.12	393.95	-324.82	393.45
Number of Shares outstanding	2,23,19,410	2,23,19,410	2,23,19,410	2,23,19,410
Weighted Average Number of shares outstanding-(B)	2,23,19,410	2,23,19,410	2,23,19,410	2,23,19,410
Effect of dilution	NIL	NIL	NIL	NIL
Weighted Average No. of Equity Shares Including potential shares –(D)	2,23,19,410	2,23,19,410	2,23,19,410	2,23,19,410
Earnings per share (Basic & diluted A/B(A*1,000/B) in Rs.	-1.38	1.77	-1.46	1.76

**16.** As per actuarial valuation as on 31-03-2012 and recognized in the financial statements in respect of employee benefit schemes as require under AS 15 (R) are as under:

PARTICULARS	Gratuity Unfunded		Long Term Compensated Absence	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
<b>Unfunded Liabilities</b>				
(i) <b>Assumptions</b>				
Discount Rate	8.00%	8.00%	8.00%	8.00%
Salary Escalation	5.00%	4.00%	5.00%	4.00%
Attrition Rate	5.00%	5.00%	5.00%	5.00%
		Rs. lakhs		Rs. lakhs
(ii) <b>Table Showing Change in Benefit Obligation</b>				
Liability at the beginning of the Period	48.66	46.08	4.75	4.49
Interest Cost	3.89	3.69	0.38	0.36

## BINNY LIMITED (CONSOLIDATED)

Current Service Cost	2.66	16.82	0.94	0.77
Benefit Paid	(5.72)	1.49	(0.74)	(0.06)
Actuarial (gain) / Loss on obligations	5.24	(16.44)	(0.38)	(0.81)
Liability at the end of the Period	54.73	48.66	4.95	4.75
<b>(iii) Amount Recognised in the Income Statement</b>				
Current Service Cost	2.66	16.82	0.94	0.77
Interest Cost	3.89	3.69	0.38	0.36
Expected Return on Plan Assets	0	0	0	0
Net Actuarial (Gain) /Loss to be Recognised	5.24	(16.44)	(0.38)	(0.81)
Expenses Recognised in Profit & Loss A/c	11.79	4.07	0.94	0.32
<b>(iv) Amount Recognised in the Balance Sheet</b>				
Opening Net Liability	48.66	46.08	4.75	4.49
Expenses as above	11.79	4.07	0.94	0.32
Employers Contribution paid / Benefits Paid	(5.72)	(1.49)	(0.74)	(0.06)
Closing net Liability	54.73	48.66	4.95	4.75

**17.** Previous year figures have been regrouped wherever necessary to conform to current year classifications.

M. ETHURAJAN  
Executive Chairman  
Chennai  
Date: 1<sup>st</sup> September, 2012

M. Nandagopal  
Director

G. Venkataraman  
Company Secretary

As Per our Report of even date  
for M/s. CNGSN& ASSOCIATES  
Chartered Accountants  
Firm Reg. No: 0049155

R. THIRUMALMARUGAN  
Partner  
Membership No: 200102



---

# BINNY ENGINEERING LIMITED

ANNUAL REPORT - MARCH 2012

**DIRECTORS**

M. Ethurajan  
M. Nandagopal  
S. Natarajan  
E. Shanmugam  
V.R. Venkataachalam

**Auditors**

CNGSN & ASSOCIATES  
Flat "C" & "D"  
22, Vijayaraghava Road  
T. Nagar, Chennai 600017

**Bankers**

Canara Bank

**Registered Office**

Meenambakkam  
P.O. Box No. 8677,  
Chennai 600 114.

Manufacturing and marketing of C.I. Castings, Sugar Mill Machinery and Equipments, Rice Mills, Granite Cutting Machinery, Electric Smelting Furnaces, Mini Cement Plants and Structural Fabrication.

Plant at:  
Meenambakkam  
Chennai 600 114.

# BINNY ENGINEERING LIMITED

## DIRECTORS REPORT

Your Directors place their Seventeenth Annual Report on the performance of the company together with the Audited Accounts of the company for the year ended 31<sup>st</sup> March 2012.

## FINANCIAL RESULTS

	For the year ended 31.03.2012 Rs. in Lakhs	For the year ended 31.03.2011 Rs. in Lakhs
Income from Operation	—	—
Profit / Loss before interest & Depreciation	(545.17)	(8.73)
Interest and Finance charges	—	—
Depreciation	6.98	10.77
Extraordinary Income (Expenditure)	—	—
Net Profit / Loss for the Year	(552.15)	(19.50)
Carried to Balance Sheet	(3059.58)	(2507.43)

## DIVIDEND

Your Directors do not recommend any dividend for the year.

## DEPOSITS

Your Company has neither invited nor accepted any deposits from the public.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

Information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with the provision of Sec. 217 (1) (e) of the Companies (disclosure of particulars in the Report of Director) Rule 1988 is given in the Annexure -1 below.

The particulars required under section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 are not applicable as none of the employees coming under the purview of this section.

## DIRECTORS

Mr. M. Ethurajan & Mr. V.R. Venkataachalam retire by rotation and are eligible for reappointment.

## DIRECTORS CLARIFICATION TO THE AUDITOR'S REPORT

### A) Auditor's Report

In regard to the remarks in the Auditor's Report, your Directors wish to clarify as under.

4(F) Pending starting of the unit, accounts are prepared on a "going concern" basis.

4(F) (i) the company has filed necessary petitions / applications before respective authorities/agencies seeking revision of the levy/charge/demand and penalties as the case may be.

4(F) (iii) The Company would take appropriate steps to confirm the balances.

### B) Annexure To The Auditor's Report

iv) Internal Audit System would be strengthened as and when activity commences.

ix) (c) The company is taking up the matter with appropriate authorities.

## AUDITORS

Messrs. CNGSN & Associates, Chartered Accountants, Chennai retire at the conclusion of the Annual General Meeting and are eligible for reappointment.

## STATUTORY REQUIREMENTS

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 the Directors state as follows.

- i. That in the preparation of annual accounts for the year ended 31<sup>st</sup> March 2012 the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors had prepared the accounts for the year ended 31<sup>st</sup> March 2012 on 'going concern' basis.

## PERSONNEL

Your Directors are thankful to the employees of the Company for the co-operation. The industrial relations remained cordial during the year under review.

## ACKNOWLEDGEMENTS

Your Directors wish to express sincere thanks to the Bankers and also acknowledge the co-operation extended by various associates and the employees of the Company for their contribution to the performance of the Company.

Chennai

BY ORDER OF THE BOARD

M. ETHURAJAN

Director

1st September 2012

## ANNEXURE - I

A)	Current Year	Previous Year	Form "B" -
1. Electricity			A. CONSERVATION OF ENERGY Reduced the demand from 720 KVA to 400 KVA
a) Purchased Units (in '000)	59	63	
Total amount (Rs. in '000)	626	678	
Rate/Unit Rs.	10.66	10.65	
b) Own Generation			
i) Through Diesel Generator (Unit)	Nil	Nil	
Unit per ltr of Diesel oil	Nil	Nil	
Cost/Unit (Rs.)	Nil	Nil	
ii) Through Steam			
Turbine/Generator Units (lakhs)	Nil	Nil	
iii) Units per ltr of fuel oil/Gas Cost/Unit	Nil	Nil	
2. Coal (Specify quantity and where used) (Tonnes) (Qty)			
Qty. (Tonnes)	Nil	Nil	
Total Cost (Rs. lakhs)	Nil	Nil	
Average Rate (Rs.)	Nil	Nil	
3. Furnace oil Qty. (K. Ltrs)			
Qty. (K. Ltrs)	Nil	Nil	
Total amount (Rs. lakhs)	Nil	Nil	
Average Rate (Rs.)	Nil	Nil	
B. Consumption per unit of production	This division is a jobbing industry and hence consumption per unit of production is unascertainable	This division is a jobbing industry and hence consumption per unit of production is unascertainable	

## **BINNY ENGINEERING LIMITED**

To  
The Members  
BINNY ENGINEERING LIMITED  
Chennai-600114

1. We have audited the attached Balance Sheet of BINNY ENGINEERING LIMITED as at 31<sup>st</sup> March 2012, the Statement of Profit & Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph above, we report that:-
  - (A) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of audit.
  - (B) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
  - (C) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (D) In our opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - (E) On the basis of the written representations received from the Directors and taken on record by the Board of Directors we report that none of the Director is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (F) Attention is invited to the following material matters:
    - i. Non-Provision for excise demands under appeal of Rs.2.99 lakhs
    - ii. The preparation of financials on principles applicable to going concern as stated in Note 15.1.
    - iii. Non-Confirmation of balances as stated in Note 15.4
  - (G) In our opinion and to the best our information and according to the explanations given to us, read together with the accounting policies and notes thereon, subject to the remarks stated in para F above, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - i. in the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March 2012;
    - ii. in the case of the Statement of Profit & Loss of the LOSS of the Company for the year ended on that date.
    - iii. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For M/s CNGSN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No.0049155

Place : Chennai.  
Date : 1st September 2012

R. THIRUMALMARUGAN  
Partner  
Membership No.200102

## BINNY ENGINEERING LIMITED

### ANNEXURE

Re: BINNY ENGINEERING LIMITED

Referred to in paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets which needs to be updated.
- (b) The Fixed assets have been physically verified by the Management and no discrepancies were noticed.
- (c) As explained to us, during the year the Company has disposed off some of the fixed assets, which in the opinion of the management has no effect on the going concern assumption.
- (ii) There are no inventories.
- (iii) (a) The company has granted interest free loans, unsecured to associate company, a party covered in the register maintained under section 301 of the Companies Act, 1956. The total number of party is one and amount of outstanding is Rs.559.74 lakhs.
- (b) Neither the terms of repayment nor the interest rates to be received on the loans are specified in respect of the loans given. Therefore we are unable to comment on whether the company is regular in recovering the principal amounts as stipulated and has been regular in the receipt of interest and also any overdue is there.
- (c) The company has taken unsecured interest free loans from its holding company, a party covered in the register maintained under section 301 of the Companies Act, 1956. The total number of party is one and amount of outstanding is Rs.435.49 lakhs.
- (d) Neither the terms of repayment nor the interest rates to be paid on the loans are specified in respect of the loans taken. Therefore we are unable to comment on whether the company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for purchases of fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls systems.
- (v) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered during the year.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the year as defined under section 58A of the Companies Act, 1956.
- (vii) In our opinion, the company does not have an internal audit system to commensurate with the size and nature of its business.
- (viii) As per the information and explanations given to us, the company has no operational activity carried out during the year and hence it is informed to us that the maintenance of cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 are not applicable for the year.
- (ix) (a) The company is depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance and income tax with some delays, wherever applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, were in arrears, as at 31<sup>st</sup> March 2012 for a period of more than six months from the date they became payable except for the following:-

Nature of Tax	Period	Amount in lakh
Sales tax	April 1994 to March 2005	1178.20
Professional Tax	April 2005 to September 2007	0.28
TNLWB	September 2001 to March 2006	0.03

(c) According to the information and explanation given to us, the following are the dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of disputes:-

Name of the Statute	Nature of the Dues	Amount in lakhs	Forum where dispute is pending
Tamil Nadu General Sales Tax Act	TNGST & Penalty	22.11 (settled in April & May, 2012)	Tamil Nadu Taxation Special Tribunal
Central Excise & Customs Act	Excise Duty	2.99	Supreme Court

## **BINNY ENGINEERING LIMITED**

---

- (x) *In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.*
- (xi) *In our opinion and according to the information and explanations given to us, there is no default in the repayment of dues to the bankers / financial institutions.*
- (xii) *In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.*
- (xiii) *In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.*
- (xiv) *In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.*
- (xv) *In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.*
- (xvi) *According to the information and explanations given to us no term loans obtained during this year.*
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.*
- (xviii) *According to the information and explanations given to us, the company has not made preferential allotment of shares during the year.*
- (xix) *According to the information and explanations given to us, the company has not issued any debentures during the year and creation of security for issue of debentures does not arise.*
- (xx) *According to the information and explanations given to us, the company has not raised money by public issues and the disclosure of end use of money raised by public issues does not arise.*
- (xxi) *According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.*

*For M/s CNGSN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No.0049155*

*Place : Chennai.  
Date : 1st September 2012*

*R. THIRUMALMARUGAN  
Partner  
Membership No.200102*

## BINNY ENGINEERING LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	Rs. in Lakhs		As at 31-03-2012	As at 31-03-2011
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds:</b>					
(a) Share Capital	2	2874.81		2874.81	
(b) Reserves and Surplus	3	-3059.58		-2507.43	
(c) Money Received against Share warrants			-184.77		367.38
<b>(2) Share application money pending allotment</b>					
<b>(3) Non-current liabilities:</b>					
(a) Long-term borrowings	4	1586.71		1409.05	
(b) Deferred tax liabilities (Net)					
(c) Other Long-term liabilities	5	26.29		26.29	
(d) Long-term provisions	6	90.79	1703.79	90.79	1526.13
<b>(4) Current liabilities:</b>					
(a) Short-term borrowings					
(b) Trade payables					
(c) Other current liabilities	7	1178.20		815.01	
(d) Short-term provisions		-	1178.20	-	815.01
Total			2697.22		2708.52
<b>II. ASSETS:</b>					
<b>(1) Non-current assets</b>					
<b>(a) Fixed Assets</b>					
(i) Tangible assets	8	47.54		54.52	
(ii) Intangible assets					
(iii) Capital work-in-progress					
(iv) Intangible assets under development					
(b) Non-current investments	9	2075.00		2075.00	
(c) Deferred tax assets (Net)					
(d) Long-term loans and advances	10	574.55		572.79	
(e) Other non-current assets			2697.09		2702.31
<b>(2) Current assets</b>					
(a) Current investments					
(b) Inventories					
(c) Trade receivables					
(d) Cash and cash equivalents	11	0.13		6.21	
(e) Short-term loans and advances					
(f) Other current assets			0.13		6.21
Total			2697.22		2708.52

See accompanying notes to the financial statements

As per our Report of even date  
for **CNGSN & ASSOCIATES**  
Chartered Accountants  
Firm Regn No 004915S

**M.Ethurajan**  
Director  
Chennai  
1st September 2012

**E.Shanmugam**  
Director

**R.THIRUMALMARUGAN**  
Partner  
Membership No.200102

## BINNY ENGINEERING LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

		Rs.in lakhs	
	Note No	For the year ended 31-03-2012	For the year ended 31-03-2011 Rs. in Lakhs
<b>I</b>	Revenue from operations		
<b>II</b>	Other income	12	<u>4.67</u>
<b>III</b>	Total Revenue (I + II)		<u>94.31</u>
<b>IV</b>	Expenses:		
	a Cost of materials consumed		
	b Purchases of Stock-in-Trade		
	c Changes in inventories of finished goods work-in-progress and Stock-in-Trade		
	d Employee benefits expenses	13	6.21
	e Finance costs		
	f Depreciation and amortization expenses	8	6.98
	g Other expenses	14	<u>543.63</u>
	Total expenses		<u>556.82</u>
<b>V</b>	Profit before exceptional and extraordinary items and tax (III - IV)		-552.15
<b>VI</b>	Exceptional items		
<b>VII</b>	Profit before extraordinary items and tax (V - VI)		-552.15
<b>VIII</b>	Extraordinary items		<u>-19.50</u>
<b>IX</b>	Profit before tax (VII - VIII)		-552.15
<b>X</b>	Tax expenses		
	(1) Current tax		
	(2) Deferred tax		
<b>XI</b>	Profit / (loss) for the period from continuing operations (IX - X - XIV)		<u>-552.15</u>
<b>XII</b>	Profit / (loss) from discontinuing operations		
<b>XIII</b>	Tax expenses of discontinuing operations		
<b>XIV</b>	Profit / (loss) from discontinuing operations (after tax) (XII - XIII)		<u>-19.50</u>
<b>XV</b>	Profit / (loss) for the period (XI + XIV)		-552.15
<b>XVI</b>	Earnings per share:		
	(1) Basic & Diluted		-1.92
			-0.06

See accompanying notes to the financial statements

As per our Report of even date  
for **CNGSN & ASSOCIATES**  
Chartered Accountants  
Firm Regn No 004915S

**M.Ethurajan**  
Director  
Chennai  
1st September 2012

**E.Shanmugam**  
Director

**R.THIRUMALMARUGAN**  
Partner  
Membership No.200102

## BINNY ENGINEERING LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	Year Ended 31.03.2012	Year Ended 31.03.2011
	Rs In Lakhs	
<b>A Cash Flow from Operating Activities</b>		
Profit / (Loss) for the year	(552.15)	(19.50)
Adjustments for:		
Depreciation	6.98	10.77
Interest Earned	(1.18)	(0.74)
Profit on sale of fixed assets	(0.44)	(79.50)
Operating Profit before working Capital changes	<u>(546.79)</u>	<u>(88.97)</u>
(Increase) / Decrease in Trade and other Receivables	-	65.02
(Increase) / Decrease in Inventories	-	-
(Increase) / Decrease Other Current Assets	-	-
(Increase) / Decrease Loans & Advances	(1.76)	7.71
Increase / (Decrease) in Current Liabilities	363.19	(131.12)
<b>Net Cash from Operating activities</b>	<u>(185.36)</u>	<u>(147.36)</u>
<b>B Cash flow from Investing activities</b>		
Purchase of Investments	-	-
Sale of Fixed Assets	0.44	79.50
Purchase of Fixed Assets	-	-
Interest received	1.18	0.74
<b>Net Cash from investing activities</b>	<u>1.62</u>	<u>80.24</u>
<b>C Cash flow from financing activities</b>		
Long Term Borrowings	<u>177.66</u>	<u>67.58</u>
<b>Net Cash from financing activities</b>	<u>177.66</u>	<u>67.58</u>
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(6.08)	0.46
Cash and cash equivalent as at the beginning of the year	<u>6.21</u>	<u>5.75</u>
<b>Cash and cash equivalent as at the end of the year</b>	<u>0.13</u>	<u>6.21</u>

As per our Report of even date  
for **CNGSN & ASSOCIATES**  
Chartered Accountants  
Firm Regn No 004915S

**M.Ethurajan**  
Director  
Chennai  
1st September 2012

**E.Shanmugam**  
Director

**R.THIRUMALMARUGAN**  
Partner  
Membership No.200102



## **BINNY ENGINEERING LIMITED**

---

### **NOTE: I. Significant Accounting Policies**

#### **1. SYSTEM OF ACCOUNTING**

*The financial statements are prepared under the historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP), and the applicable mandatory Accounting Standards.*

#### **2. REVENUE RECOGNITION**

*Revenue is recognized on accrual basis with provisions made for known losses and expenses.*

- i. Sales are inclusive of Excise Duty*
- ii. In respect of Engineering Contracts, income recognized on proportionate basis with respect to progressive bills.*

#### **3. USE OF ESTIMATES**

*In preparation of financial statements conforming to GAAP requirements certain estimates and assumptions are essentially required to be made with respect to items such as future obligations under employee retirement benefit plans, income taxes, and the useful life period of Fixed Assets. Due care and diligence have been exercised by the Management in arriving at such estimates and assumptions since they may directly affect the reported amounts of income and expenses during the period as well as the balances of Assets and Liabilities including those which are contingent in nature as at the date of reporting of the financial statements.*

#### **4. FIXED ASSETS AND DEPRECIATION**

- i. Fixed Assets are stated at cost. Cost comprises of Cost of acquisition inclusive of duties and cost of installation / erection and interest on borrowings for qualifying fixed assets up to the date the assets is put to use, as applicable.*
- ii. Depreciation is provided on straight line method in accordance with Schedule XIV of the Companies Act, 1956.*
- iii. Leasehold improvements are written off over the period of lease.*

#### **5. INVESTMENTS**

*Investments meant to be held for long term are accounted at cost and provision for diminution in value, if any, is made.*

#### **6. INVENTORIES**

*There are no inventories.*

#### **7. FOREIGN CURRENCY TRANSACTIONS**

*There are no foreign currency transactions.*

#### **8. RETIREMENT BENEFITS**

*The Company makes defined contribution for the welfare of employees to the Appropriate Government towards Provident Fund. Apart from this monthly contribution the company does not have any future obligation in this respect. There are no employees covered under Gratuity Act.*

#### **9. BORROWING COSTS**

*Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of such assets up-to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.*

#### **10. LEASES**

*Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of related loan agreement.*

## BINNY ENGINEERING LIMITED

### 11. EARNINGS PER SHARE

The company reports basic and diluted earnings per share in accordance with the Accounting Standard – 20-‘Earnings Per Share’.

### 12. SEGMENT REPORTING

The company operates under one segment and hence segment reporting is not applicable for this year.

### 13. IMPAIRMENT OF ASSETS

All assets other than inventories, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. There are no impairment loss during the year.

### 14. PROVISION AND CONTINGENCIES

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

#### NOTES TO THE ACCOUNTS AS AT 31ST MARCH 2012

	As at 31-03-2012 in lacs	As at 31-03-2011 in lacs
Note: 2 (A) <i>Authorised, Issued, Subscribed and Paid-up share capital and par value per share</i>		
<i>Authorised Share Capital</i>		
30000000 Equity Shares of Rs...10/= each	3,000.00	3,000.00
<i>Issued, Subscribed and Paid Up</i>		
28748100 Equity Shares of Rs.10/= each	2,874.81	2,874.81
	2,874.81	2,874.81
(B) <i>Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:</i>		
<i>Number of equity shares outstanding as at the beginning of the year</i>	28,748,100	28,748,100
<i>Add: Number of Shares allotted during the year</i>	-	-
<i>Less: Number of Shares bought back</i>	-	-
<i>Number of equity shares outstanding as at the end of the year</i>	28,748,100	28,748,100
(C) <i>Rights, preferences and restrictions attaching to various classes of shares</i>	NIL	NIL
(D) <i>Shareholding in the company of the holding company and ultimate holding company and their subsidiaries / associates</i>	NIL	NIL
(E) <i>Shares in the company held by each shareholder holding more than 5%:</i>		

## BINNY ENGINEERING LIMITED

		Rs. in lakhs	
		No of shares at year end	
Name of shareholder		As on 31-03-2012	As on 31-03-2011
	Binny Limited (100 %)	28748100	28,748,100
	(F) Shares reserved for issue under options and contracts:	NIL	NIL
	(G) Commitments for sale of shares/ disinvestment	NIL	NIL
	(H) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back	NIL	NIL
	(I) Details of securities convertible into equity / preference shares	NIL	NIL
Note: 3	<b>RESERVES AND SURPLUS</b>		
	Profit & Loss Account as per last B/S	(2,507.43)	(2,487.93)
	Profit/Loss for the period - From P & L	(552.15)	(19.50)
	LESS Proposed Dividends	-	-
	Tax on Distributed Profit	-	-
	Balance of Profit / Loss	(3,059.58)	(2,507.43)
	Less : Transfer to General Reserve	-	-
	Closing Balance	<u>(3,059.58)</u>	<u>(2,507.43)</u>
Note:4	<b>LONG TERM BORROWINGS:</b>		
	a. Mother Meera Industries	50.00	50.00
	b. Binny Limited - Holding Company	435.49	288.94
	c. Associate Companies	1,044.20	1,014.94
	d. Others	57.02	55.17
		<u>1,586.71</u>	<u>1,409.05</u>
Note:5	<b>LONG TERM LIABILITIES:</b>		
	Trade Payable	26.29	26.29
	Others	-	-
		<u>26.29</u>	<u>26.29</u>
Note:6	<b>LONG TERM PROVISIONS:</b>		
	Employee Benefits	0.39	0.39
	Others	90.40	90.40
		<u>90.79</u>	<u>90.79</u>
Note:7	<b>OTHER CURRENT LIABILITIES</b>		
	Sales Tax payable	1,178.20	815.01
		<u>1,178.20</u>	<u>815.01</u>
Note:9	<b>NON CURRENT INVESTMENTS</b> (Unquoted and Valued at Cost)		
	Fully paid cumulative Redeemable Preference Shares in S V SUGAR MILLS LTD (20750000 shares @ Rs.10/- face value)	2,075.00	2,075.00
		<u>2,075.00</u>	<u>2,075.00</u>
Note:10	<b>LONG TERM LOANS AND ADVANCES - UNSECURED- CONSIDERED GOOD</b>		
	Loans and advances - Deposits	9.71	9.05
	Other loans and advances - Associates	559.74	559.74
	Others	5.10	4.00
		<u>574.55</u>	<u>572.79</u>
Note-11	<b>CASH AND CASH EQUIVALENTS</b>		
	Balance with banks	0.08	0.18
	Cash on hand	-	0.20
	Deposit with Banks for gurantees	0.05	5.83
		<u>0.13</u>	<u>6.21</u>

## BINNY ENGINEERING LIMITED

### Note-8 :FIXED ASSETS - TANGIBLE

(Rs Lakhs)

Description	Gross Carrying Amount				Accumulated Depreciation			Net Carrying Amount		
	As at 31st March, 2011	Addition	Deletion	As at 31st March, 2012	As at 31st March, 2011	Addition	Deletion	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
	<i>in lacs</i>	<i>in lacs</i>	<i>in lacs</i>	<i>in lamcs</i>	<i>in lacs</i>	<i>in lacs</i>	<i>in lacs</i>	<i>in lacs</i>	<i>in lacs</i>	<i>in lacs</i>
Land - Leasehold	1.25			1.25	1.25			1.25	-	-
Factory Buildings	163.14			163.14	113.24	5.45		118.69	44.45	49.90
Plant & Equipment	201.96		48.29	153.67	197.34	1.53	48.29	150.58	3.09	4.62
Office Equipments	19.08			19.08	19.08			19.08	-	-
	385.43	-	48.29	337.14	330.91	6.98	48.29	289.60	47.54	54.52
Previous year	486.20		(100.77)	385.43	420.91	10.77	(100.77)	330.91	54.52	65.29

## BINNY ENGINEERING LIMITED

### NOTE : 15. OTHER NOTES ON ACCOUNTS

1. The financials are prepared on the principles applicable to the going concern. The Management is exploring all possible avenues to commence the business by exploiting the lease hold land.
2. Other moneys for which the company is contingently liable.

	Year ended 31.03.2012 Rs. In lacs	Year ended 31.03.2011 Rs. In lacs
a. Claim for back wages in respect of various disputes, including disputes in respect of workmen which are pending before the Courts and Industrial Tribunal Liability if any,	Not Quantifiable	
b. Disputed claim for delayed remittance of statutory dues where the appeals are pending before EPF Appellate Authority and Principal Labour Court (ESI Court) and High Court.	62.90	62.90
c. Claims from Customers against performance, in previous years which is not acknowledged as debt.	1212.44	1212.44
d. Amount of interest received from Nizam Sugars Ltd (NSL) is contingently liable for refund in case the AP High Court decides the matter in favour of NSL.	52.37	52.37
e. Excise Demands under Appeal	2.99	122.30
3. In the year 1994, when the rehabilitation scheme was sanctioned by BIFR, deferral of sales tax commencing from the year 1994, payable in the next 5 years had been sanctioned for Binny Engineering Limited. The above exemption was valid only till 31.03.1999 and the company has sought for extension of the deferral for a further period of 5 years in the revised package submitted to Board for Industrial and Financial Reconstruction in August 2002. However, BIFR has delinked the Company from the rehabilitation scheme of Binny Limited. The deferred amount of Rs. 679.03 Lakhs for the period 1994-95 to 1998-99 were pending for payment (out of Rs. 679.03 Lakhs, Rs. 214.03 Lakhs relates to 1994-95 in which period the Company was a division of Binny Limited). During April and May 2012 all the above taxes have been settled and paid under Tamilnadu Sales tax (Settlement of Arrears) Act 2011 scheme. As on date there are no tax payable.		
4. Unsecured loan (other than related Parties), Trade Payable and other Loans and Advances are subject to Confirmation/reconciliation. However, in the opinion of the Management, all current assets, loans and advances would in the ordinary course of business realize at the value stated.		
5. Investment represents fully paid cumulative redeemable preference share capital (2,07,50,000 shares of Rs. 10each) in M/s S.V. Sugar Mills Limited, associate company. For the year the company has not declared any preference dividend.		

## BINNY ENGINEERING LIMITED

	Year ended 31.03.2012 (Rs. in lacs)	Year ended 31.03.2011 (Rs. in lacs)
6. Value of imports on CIF basis:	Nil	Nil
7. Expenditure in Foreign Currency	Nil	Nil
8. Earnings in Foreign Exchange	Nil	Nil
9. Related Party Disclosure:		
(a) List of Related Parties :		
Parties where control exists :		
Holding Company :	Binny Limited	
Associates: :	TCP Limited, S. V. Sugar Mills Ltd and Mohan Breweries & Distilleries Ltd	
(b) Transactions with Related Parties particulars:		
Advance received from Holding Company	146.55	67.58
(c) Outstanding balances		
Investment in Preference Share Capital in S V Sugar Mills Ltd	2075.00	2075.00
Loans and Advances		
(1) S V Sugar Mills Ltd	559.74	559.74
(2) Binny Limited	435.49	288.94
10. Earnings per Share:		
Particulars	(Rs In 'lacs) Before extra ordinary item	
	Year ended March 2012	Year ended March 2011
Profit available to Equity Share Holders used as Numerator	(-)552.15	(-)19.50
- (A) (Rs. in Lakhs)		
Number of Shares outstanding	2,87,48,100	2,87,48,100
Weighted Average Number of Outstanding - (B)	2,87,48,100	2,87,48,100
Effect of dilution (C)	NIL	NIL
Weighted Average No. of Equity Shares including potential shares - (D)	2,87,48,100	2,87,48,100
Earnings per share (Basic) - (A* 1,00,000/ B) in Rs.	-1.92	-0.06
Earnings per share (Diluted) - (A* 1,00,000/ D) in Rs.	-1.92	-0.06
11. Income Tax & Deferred Taxes:		
(a) No provision for tax is considered necessary for the year. In the absence of taxable profit arising in the foreseeable future, deferred tax asset has not been considered as per Accounting Standard (AS) – 22 prescribed by the Institute of Chartered Accountants of India, arising on the timing difference on account of unabsorbed depreciation and carry forward business losses available to the company under the provisions of the Income Tax Act 1961.		

## **BINNY ENGINEERING LIMITED**

---

- (b) The Asst. Commissioner of Income Tax, Company circle 1(3), Chennai has passed an order u/s 143(3) and revised the said order on 23.05.2011 u/s 154, as per which an amount of Rs.2,02,20,760/- is payable by the company u/s 115JB for the assessment year 2006-2007. The Company has filed an appeal against the order before ITAT, which set aside the matter to A.O. for fresh consideration. The A.O. has not yet completed the Assessment. Hence there are no disputed tax payable as on date.
12. The Post of Secretary, which fell vacant on 3<sup>rd</sup> December, 1996 has not yet been filled up as required under section 383 A of the Companies Act 1956.
13. The Post of Managing or whole-time Director has not yet been filled up as required under section 269 of the Companies Act 1956.
14. Previous period figures have been regrouped wherever necessary.

**As Per our report of even date**  
For **M/s CNGSN & Associates**  
**Chartered Accountants**  
Firm Registration No.0049155

M. Ethurajan  
Director

E. Shanmugam  
Director

R. Thirumalmarugan  
Partner  
Membership No.200102

Place : Chennai

Date : 1st September 2012